

**FBIS****DAILY REPORT  
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ADDITIONAL REPORT: SPOKESMAN ON PRC-USSR RELATIONS

HK021448 Beijing ZHONGGUO XINWEN SHE in Chinese 1227 GMT 2 Apr 86

[Report: "PRC Holds That the Normalization of Sino-Soviet Relations Is Precisely To Correct Those Wrongdoings Which Harm the Interests of Any Third Country"]

[Text] Beijing, 2 Apr (ZHONGGUO XINWEN SHE) -- The PRC has noted the statement in Gorbachev's political report to the 27th party congress that the improvement of Sino-Soviet relations should not harm the interests of a third country, PRC Foreign Ministry spokesman Ma Yuzhen said today. The PRC does not think the passage "not to harm the interests of a third country" should have a specific interpretation. The removal of obstacles to the normalization of Sino-Soviet relations is precisely to correct those wrongdoings which harm the interests of a third country, and will benefit all the parties concerned. Ma Yuzhen made the foregoing statement when asked by reporters to comment on Gorbachev's statement at a press conference held today.

A reporter asked: It has been said in Hong Kong that the PRC has directly or indirectly proposed summit talks to the Soviet side. Has there been any discussion between the two countries on any meeting above the foreign ministerial level?

Ma Yuzhen responded "no comment" to this question.

REPORT ON MONITORING USSR TESTS 'GROUNDLESS'

OW051123 Beijing in Russian to the USSR 1800 GMT 2 Apr 86

[Excerpt] Answering a journalist's question about the construction of a seismological station in China in cooperation with the United States, the Foreign Ministry spokesman said that the construction of such a station in China is the object of bilateral cooperation in accordance with the Protocol on Scientific and Technical Cooperation in the Field of Seismological Research signed by China and the United States. It is of a scientific research nature. The report of the U.S. newspaper THE WASHINGTON POST of 19 March alleging that the United States and China are discussing the question of building in China a seismological station for monitoring Soviet underground nuclear tests is absolutely groundless.

USSR, U.S. DIFFER OVER SUMMIT

OW060742 Beijing XINHUA in English 0647 GMT 6 Apr 86

["Round-up: Five Months Without a Date for Summit -- A Tug-of-War Between Superpowers (by Bao Guangren)" -- XINHUA headline]

[Text] Washington, April 5 (XINHUA) -- Five months have passed since the United States and the Soviet Union agreed at the Geneva summit last November that a second U.S.-Soviet summit would be held in Washington. No date has been set for the summit so far. Words came Friday from Moscow that the Soviet Union is ready to discuss with the United States to set the date for this year's summit. This may mean an end to the nearly five-month long deadlock. To spend five months to set a date for the summit is too long -- it is a tug-of-war and test of patience between the two superpowers.

The United States first suggested that the summit be held in June or July, while the Soviet Union wanted it to be held in November.

Then the United States turned it down saying November is the month the country will hold congressional elections. The deadlock has remained ever since. During this period, the United States appeared to be more aggressive -- it pushed hard on many occasions for the Soviets to respond, but the Soviet Union kept silent. The difficulty to set a summit date demonstrated a slide in U.S.-Soviet relations since the Geneva summit last fall.

In mid-January, Soviet leader Mikhail Gorbachev suggested eliminating nuclear weapons in the world by the end of the century. On February 24, U.S. President Ronald Reagan counter-proposed to eliminate medium-range missiles in three years. The two sides failed to reach an agreement. The United States also took several actions which pushed the down-slope slide faster.

On March 7, the United States ordered a 38 percent cut of the personnel of the Soviet mission to the United Nations and charged that Soviet diplomats there were engaged in espionage activities. The Soviet Union said the move would directly damage relations between the two countries and affect the U.S.-Soviet summit. Late last month, the United States Navy planes sank three Libyan patrol boats and damaged another in the Gulf of Sidra and attacked twice a Libyan missile site. The Soviet Union strongly condemned the U.S. action.

In Latin America, the United States redoubled its efforts to rally support for the 100 million dollars in military aid to the anti-government rebels in Nicaragua to counter what the United States said is the "threat" from the Soviet Union. The United States also decided to ship Stinger missiles to guerrillas in Afghanistan and anti-government forces in Angola. Despite Soviet calls for a stop of nuclear tests, the United States conducted its first test this year and will schedule another soon. The United States also rejected the Soviet call for an immediate summit in Europe to discuss the nuclear test ban. However, the Soviet Union seemed to have shown some patience this time. On no occasion did the Soviet Union threaten to cancel the summit.

Judging from the remarks by the two leaders, one can see that the two countries differ on the purpose for the summit. The Soviet Union is seeking to make nuclear arms control the focal point, while the United States is resisting this narrow focus and wants to focus on the settlement of regional disputes such as the issues of Afghanistan and Angola.

The Soviets are said to believe that the United States has yet to express willingness to reach any agreement at the summit. They think the United States only wants a "get-together" type without much concrete achievements. Gorbachev stated late February that "If there is a readiness to seek agreement, the question of the dates of the meeting will resolve itself. But there is no point in carrying on idle conversations."

On the other side, the United States accused Moscow of trying to impose a precondition on the summit. Reagan declared that if Gorbachev won't come to Washington for the summit this year, "there won't be an 87 summit in Moscow."

Observers here hold that if nothing unusual happens, the U.S.-Soviet summit will be held in Washington this year. Gorbachev told U.S. congressmen in Moscow Friday that he is confident he will meet the U.S. president. Press reports here said over the past week three events occurred which will propel the United States to go ahead with the summit.

U.S. intelligence reports said the Soviet military spending has been relatively constant over the last decade and is likely in the near future to remain constant and may even decline. Pentagon reports said the United States is leading the Soviet Union in the 14 most important areas of military technology. Also, the U.S. Central Intelligence Agency recently revised its method for calculating Soviet nuclear tests. Before, the United States said the Soviets are cheating on the tests, but the new method showed they may not cheat.

The surfacing of these changes in Washington's evaluation of the Soviet "threat" means that a less ominous picture of the situation is reaching both the Congress and the upper-levels of the White House. That helps to clear the way for another summit, as the CHRISTIAN SCIENCE MONITER said.

#### CHECKING OF ARMS RACE URGED AT UN CONFERENCE

OW050848 Beijing XINHUA in English 0818 GMT 5 Apr 86

[Text] United Nations, April 4 (XINHUA) -- China said today that the checking of the arms race and realization of disarmament are conducive not only to the alleviation of international tension but also to the growth of international economy and social progress. Addressing the second session of the preparatory committee for the international conference on the relationship between disarmament and development here, Liang Yufan, Chinese deputy permanent representative to the United Nations, urged the Soviet Union and the United States to take the lead in drastically reducing at an early date all types of their armaments, nuclear armaments in particular.

The two superpowers should also "refrain from conducting the arms race in outer space and divert the resources thus saved to domestic development and assistance to developing countries for their economic and social development," he said. The aggregated military expenditure of the whole world has reached 1,000 billion U.S. dollars and weapons of all kinds are developing at an unprecedented scale and speed, seriously menancing world peace and security and gulping down enormous resources that are essential for economic and social development.

At the same time, the world economy has been growing at a sluggish pace. Perennial international economic problems are troubling various countries, leaving a serious adverse effect on the development process of the developing countries.

"Pending the realization of complete and thorough disarmament," Liang said, "The United Nations should encourage all the countries, particularly the militarily significant countries," to effect a curb of their own accord on their military expenditures when conditions permit and adopt measures that are conducive to the economic and social development of their own countries.

The Chinese ambassador reiterated that "China pursues a foreign policy of peace, opposes arms race and does not participate in it." "We need a long-standing and peaceful international environment to develop our economy and build up our own country," he added. He said that since 1979, the percentage of China's military expenditure in the whole government budget has been declining year after year, and "no major increase in this regard is expected in the next five years". Liang stated that the Chinese delegation "is ready to join the other delegations in making good preparations so as to ensure a complete success for the conference.

The International Conference on the Relationship Between Disarmament and Development, which was decided upon by the 40th session of the U.N. General Assembly, is to be held from July 15 to August 2 in Paris. High-ranking political leaders from various countries are expected to attend the conference.

INTERNATIONAL HYDROPOWER SEMINAR CLOSES 4 APR

OW041959 Beijing XINHUA in English 1917 GMT 4 Apr 86

[Text] Hangzhou, April 4 (XINHUA) -- After four days of academic exchanges, the International Seminar on the Development and Use of Small Hydropower Stations closed here today. In 35 papers to the conference, specialists from various countries and regions have approached subjects like design, construction and operative management of small hydropower stations.

Mr. Fabian Acker, advisor of the British magazine "INTERNATIONAL WATER POWER AND DAM CONSTRUCTION", told XINHUA today that China has accumulated rich experience on the construction of small hydropower stations, but it should raise the level of ~~their~~ operative management. He also proposed that Chinese technicians assimilate more foreign technologies to further the development of small hydropower stations in China. Of the more than 2,200 counties in China, 810 are supplied mainly by small hydropower stations and more than 279 have more than 10 megawatts of installed capacity.

Foreign delegates are much impressed with China's rural electrification and they show great interests in China's mini power generation sets and water-turbine pumps. The four-day seminar was attended by 251 specialists, including 101 Chinese.

MOSCOW BELIEVED READY TO DISCUSS SUMMIT DATE

0W051930 Beijing XINHUA in English 1918 GMT 5 Apr 86

[Text] Washington, April 5 (XINHUA) -- U.S. officials believe that the Soviet Union is ready to discuss the date for the next U.S.-Soviet summit and both sides may agree to holding the meeting in the middle of this year. Local reports said today that U.S. Ambassador to the Soviet Union Arthur Hartman was told by Soviet Foreign Minister Eduard Shevardnadze Friday that Anatoliy Dobrynin, the outgoing Soviet ambassador to the United States, will be empowered next week to work out a date for the Soviet foreign minister to meet his counterpart, U.S. Secretary of State George Shultz, in Washington.

Dobrynin, who is now a member of the Secretariat of the Soviet Communist Party Central Committee and takes charge of foreign relations, will return to the United States to bid farewell to the top U.S. officials and will meet U.S. President Ronald Reagan next Tuesday at the White House. He will also meet Shultz later. It is expected that Dobrynin will carry a message for Reagan from Soviet leader Mikhail Gorbachev, which might clear up the uncertainty about the next summit.

U.S. officials were quoted by press reports as saying that if the Soviet foreign minister came here before Reagan and Shultz leave for the Tokyo economic meeting on April 25, the summit could possibly be held in June or July as suggested by the United States. However, it is also possible that the summit could take place some months later.

The United States and Soviet Union agreed at the summit in Geneva last November that they would hold the second summit this year in Washington and the third in Moscow next year. However, the two sides differ on the date for the summit. The United States wants it held in June or July, but the Soviets want it in November, which Reagan says is unsuitable for him because of the congressional election.

YAO YILIN MEETS U.S. SENATOR DECONCINI 4 APR

0W041210 Beijing XINHUA in English 1202 GMT 4 Apr 86

[Text] Beijing, April 4 (XINHUA) -- Chinese Vice-Premier Yao Yilin met Senator Dennis DeConcini of the United States here today during the meeting. Yao Yilin exchanged views with DeConcini on the Sino-U.S. economic and technical cooperation. DeConcini and his party arrived here Tuesday at the invitation of the Chinese People's Institute of Foreign Affairs.

SONG PING MEETS GENERAL ELECTRIC'S BOSSIDY

0W061158 Beijing XINHUA in English 1044 GMT 6 Apr 86

[Text] Beijing, April 6 (XINHUA) -- Chinese State Councillor Song Ping met here today with a delegation from the General Electric Company headed by its Vice Chairman and Executive Officer Lawrence Bossidy. The U.S. visitors arrived here yesterday at the invitation of the Huaneng International Power Development Corporation.

SPECIAL ENVOY BEGINS MOSCOW CONSULTATIONS

Leaves Beijing 6 Apr

OW060232 Beijing XINHUA in English 0225 GMT 6 Apr 86

[Text] Beijing, April 6 (XINHUA) -- Qian Qichen, special envoy of the Chinese Government and vice-minister of foreign affairs, left here by air this morning for Moscow to attend the eighth round of consultations between the special envoys of the governments of China and the Soviet Union. Before his departure, Qian told reporters that like the previous rounds of consultations, the main topic of the eighth round will be the discussion on the question of normalization of the relations between the two countries by removing the obstacles.

"If the two sides are sincere and do not evade the question, I believe that progress can be achieved in the consultations between the special envoys of the two countries." Qian said.

Asked whether the eighth round of consultations will deal with the exchange of visits by the foreign ministers of the two countries, Qian said both sides may raise any questions for discussion during the consultations. Qian said the eighth round of consultations will end in mid-April.

Met by Leonid Ilichev

OW061330 Beijing XINHUA in English 1319 GMT 6 Apr 86

[Text] Moscow, April 6 (XINHUA) -- Chinese Special Envoy, Vice Foreign Minister Qian Qichen, arrived here today for the eighth round of Sino-Soviet consultations due to start tomorrow on the normalization of relations between the two countries. Qian was met at the airport by the Soviet Special Envoy Foreign Minister Leonid Ilichev, and Chinese Ambassador Li Zeqang. The 7th round of Sino-Soviet consultations was held last October in Beijing.

LI PENG ON NUCLEAR COOPERATION WITH USSR

OW061241 Beijing in Russian to the USSR 1800 GMT 4 Apr 86

[Excerpts] Zeng Tao, spokesman of the Fourth Session of the Sixth NPC, addressed a 3 April press conference for Chinese and foreign correspondent at which State Council Vice Premiers Yao Yilin and Li Peng, and Du Runsheng, director of the China Rural Development Research Center answered correspondents' questions on the Seventh 5-Year Plan.

Dealing with the construction of nuclear power stations, Li Peng said that China will satisfy its power requirements mainly through the use of coal, as well as hydroelectric and thermoelectric stations with nuclear power plants playing only an auxiliary role. A relatively integrated nuclear industry system has already been created in China; and as the power produced by nuclear power plants is relatively an advanced type of energy, we are ready to build (?several) electric stations.

Dealing with the question of whether China is ready for technical cooperation with the Soviet Union in the field of constructing nuclear power stations, Li Peng said that this will be determined only after further study, and this issue has not yet been placed on the agenda. He said that the recent conference on the question of economic, trade, technical cooepration between China and the Soviet Union dealt with the question of technical cooperation in the field of nuclear power plants. China, he said, following an agreement between the two sides,will send delegations to the Soviet Union for a purely technical study of Soviet nuclear power stations.

GORBACHEV REMARKS ON U.S. POST-SUMMIT BEHAVIOR

OW050244 Beijing XINHUA in English 0227 GMT 5 Apr 86

[Text] Moscow, April 4 (XINHUA) -- Soviet leader Mikhail Gorbachev Friday described the post-Geneva summit behavior of the United States as being in conflict with the accord on fundamental issues reached there and said a further meeting should result in concrete steps to end the arms race.

At a Kremlin meeting with U.S. House Foreign Affairs Committee Chairman Dante Fascell and Congressman William Broomfield, Gorbachev said his country is prepared to reach agreement, on an equal footing and without detriment to anyone, on any problems and expects Washington to have the same attitude, according to the Soviet news agency TASS. Gorbachev characterized the conduct of the Americans after the November Geneva U.S.-Soviet Summit as being contrary to accord reached at the meeting on the fundamental issues: the inadmissibility of nuclear war and of seeking superiority over each other. Gorbachev was apparently referring to Washington's refusal to join Moscow's unilateral ban on nuclear testing and rejection of his proposal to hold a special summit in a European capital to discuss ways to halt nuclear testing. Gorbachev stressed the need to carry on the summit dialogue started in Geneva, but said it should be an effective dialogue providing for concrete steps to end the arms race and eliminate the danger of a nuclear catastrophe, TASS said.

However, Fascell told reporters after the meeting that Gorbachev made clear during the talks the proposal for a meeting on ending nuclear testing is not a "substitute" or a "precondition" for the scheduled summit in Washington. Fascell, who on Friday ended an eight-day visit to the Soviet Union, said he had handed Gorbachev a letter from President Ronald Reagan, but said he did not know what message it contained. Fascell said he has the impression that a meeting between U.S. Secretary of State George Shultz and his Soviet counterpart Eduard Shevardnadze was "about to take place."

SOVIET POLITBURO MEMBER ON AGRO-INDUSTRIAL CHANGE

OW060304 Beijing XINHUA in English 0253 GMT 6 Apr 86

[Text] Moscow, April 5 (XINHUA) -- A senior Soviet party official today said that the Soviet Union's agro-industrial complex wishes to make its enterprises, beginning with state and collective farms, entirely self-supporting. Yegor Ligachev, a member of both the Politburo and the party Secretariat, told a meeting of the party's Central Committee that "switching over all sectors of the agro-industrial complex and, first of all, collective and state farms, to self-repayment, self-funding, self-sufficient running of enterprises is the high road to development of the agro-industrial complex".

According to the Soviet news agency TASS, the party Central Committee and Council of Ministers on March 28 adopted new guidelines "on further refinement of the machinery of economic management in the country's agro-industrial complex."

"The most characteristic feature of the document, adopted by the party and government on matters of the economic machinery of the agro-industrial complex, is not only an extension of economic rights, an increase in economic incentives, but also a rise in the responsibility" of the productive units "for an improvement of the supply of local population with foodstuffs", TASS quoted Ligachev as saying.

USSR, SFRY SIGN COOPERATION ACCORDS FOR 1986-90

OW050734 Beijing XINHUA in English 0717 GMT 5 Apr 86

[Text] Moscow, April 4 (XINHUA) -- The Soviet Union and Yugoslavia signed here today a new economic and technological cooperation agreement for 1987-1990, the Soviet news agency TASS reported. Under the agreement, the two countries will cooperate in building and reconstructing 21 projects covering various industrial fields, including building two thermal power stations with a total capacity of 800 megawatts, and an open coal mine with an annual output of more than 1.7 million tons.

The Soviet Union is a leading trade partner of Yugoslavia. Their trade volume totaled seven million U.S. dollars last year, and it is expected to reach 37 billion U.S. dollars in the next five years, according to a trade agreement signed earlier this year between the two countries.

'PECULIAR' USSR-FRG RELATIONSHIP ANALYZED

OW051610 Beijing XINHUA in English 1548 GMT 5 Apr 86

[**"News analysis: Moscow Maintains Good Economic Relations With Federal Germany While Attacking Its Foreign Policy (by correspondent Tang Xiushang)" -- XINHUA headline**]

[Text] Moscow, April 5 (XINHUA) -- Political disputes have not prevented the Soviet Union from maintaining with Federal Germany a good economic and trade relationship, which has developed rather smoothly in recent years. The 14th conference of the Soviet-Federal German Committee of Economic and Scientific cooperation, which ended here Friday, had this to say: "Economic accords signed between the two countries have been implemented smoothly," and the two sides will "further develop economic ties."

The conference was reportedly focussing on closer cooperation in machine-building industry, and exchanges in metallurgical industry and the production of daily necessities. For some time the Soviet Union has stressed the importance of expanding these industries as part of its strategy to accelerate the economy, and seen it as imperative to meet people's great demand for daily necessities.

Federal Germany is the biggest Western trade partner of the Soviet Union, and one of the vital sources for imported advanced technology and equipment. The trade volume last year between the two countries exceeded seven billion roubles (about eight billion U.S. dollars).

Political relations between the two countries, however, have been quite delicate and complicated. The Soviet Union kept denouncing Federal Germany for "reviving militarism" and for allowing the deployment of U.S. missile on its soil. It strongly condemned Bonn for its participation in the U.S. Strategic Defense Initiative, also known as the star wars program. On this issue, the Soviet Union lodged a formal protest to the Federal German Government, which was published in today's party paper "PRAVDA."

That economic ties could be furthered steadily in such a political climate was because such ties would benefit both. Federal Germany needed contracts from the Soviet Union in great amount to ensure its economic growth and employment at home. For this reason, it can be predicted that such a political-economic relationship, peculiar though, will continue.

PRC MAY TAKE PART IN ASIAN GAMES IN SEOUL

OW071031 Tokyo KYODO in English 0842 GMT 7 Apr 86

[Text] Hong Kong, April 7 KYODO -- China has decided to participate in the 10th Asian games in Seoul this autumn, the ZHONG BAO, Hong Kong's independent newspaper, reported Monday quoting informed sources in Beijing. The newspaper said the decision was made in a top meeting of the All-China Sports Federation in January in Beijing, and China will send 300 athletes, led by He Zhenliang, deputy secretary general of the Chinese Olympic Committee. China's Vice Premier Li Peng told reporters earlier this month that China was still undecided about its participation in the Asian games, but the Hong Kong newspaper said China has informed North Korea of the decision and asked for its approval. Based on the decision, China will proceed with preparations for the games -- to be held in September 20 to October 5 -- and the representatives are to be finally determined in July, according to ZHONG BAO.

ARTISTS PARTICIPATE IN DPRK FESTIVAL

OW051730 Beijing XINHUA in English 1449 GMT 5 Apr 86

[Text] Pyongyang, April 5 (XINHUA) -- The Spring Art Festival, an international gathering of performing artists, opened here today. During the two-week-long annual festival, inaugurated in 1982, 76 art troupes from 44 countries will give musical, dance and acrobatic performances in major theatres and in some factories of the capital. Addressing the opening ceremony of the art festival, Korean Premier Kang Song-san said that the purpose of the gala is to promote friendship and unity among artists from various countries. Kang said the festival will play a positive role in opposing wars and nuclear weapons and maintaining peace. A Chinese art delegation led by Li Ying was present at the ceremony. Li said that the Chinese artists and their foreign counterparts will be working to promote friendship among artists of the various countries. The art festival ends April 18.

NAKASONE ON OVERCOMING TRADE PROBLEMS WITH PRC

OW051652 Beijing XINHUA in English 1644 GMT 5 Apr 86

[Text] Tokyo, April 5 (XINHUA) -- Japanese Prime Minister Yasuhiro Nakasone today said that although there exists many difficulties in economic exchange between Japan and China, efforts must be made to overcome them. Nakasone made these remarks at a meeting at his official residence with Zhang Wenjin, president of the Chinese People's Association for Friendship with Foreign Countries. Zhang and his party, who are here to attend celebrations for the 30th anniversary of the establishment of the China-Japan Cultural Exchange Association, left for home this afternoon.

WANG RENZHONG MEETS JAPANESE CALLIGRAPHY GROUP

OW051400 Beijing XINHUA in English 1315 GMT 5 Apr 86

[Text] Beijing, April 5 (XINHUA) -- Wang Renzhong, vice-chairman of China's National People's Congress Standing Committee, met here today a Chinese calligraphy group from Japan's Jeng An Association. The group is led by 84-year-old J.S. Ma, who was once a follower of Dr. Sun Yat-Sen and a lieutenant general of the Kuomintang Army. Ma, who has lived in Japan for over 30 years, founded the Jeng An Association to study the artistic style of Chinese traditional calligraphy.

During the meeting, Wang praised Ma and the Japanese calligraphers for their continued efforts to promote friendship between the Chinese and Japanese peoples through calligraphic exchanges. After the meeting, the Beijing Zhong Shan Painting and Calligraphy Society and the visiting Japanese group held a forum to exchange experience in calligraphy. Vice-Chairmen of the Central Committee of the Chinese Kuomintang (RCCK) Zheng Dongguo, Jia Yibin and Hou Jingru, who have been Ma's friends for years, met Ma at the forum. Noted Chinese painters and calligraphers and the Japanese calligraphers visited a Sino-Japanese calligraphic works exhibition after the forum. The Central Committee of the RCCK gave a dinner here this evening for the visiting Japanese group. Zhu Xuefan, vice-chairman of the NPC Standing Committee and the Central Committee of RCCK, was among those present on the occasion.

#### MARKED INCREASE IN JAPANESE TOURISTS TO PRC

OW061606 Beijing XINHUA in English 1506 GMT 6 Apr 86

[Text] Tokyo, April 6 (XINHUA) -- For today's Japanese, traveling abroad has become a popular way of relaxation. According to a report today in the NIHON KEIZAI SHIMBUN, or JAPAN ECONOMIC NEWS, nearly one out of every 25 Japanese went overseas in 1985. More than 4,948,000 Japanese traveled abroad in 1985, a 6.2 percent increase over 1984. The number of Japanese visiting China showed a marked increase in 1985, with 287,000 Japanese tourists going to China, 26.4 percent more than in 1984.

As a way to minimize its trade deficit, the Japanese government has encouraged people to travel abroad by providing them with complete tourism services and itineraries. Japanese travelers spent more than four billion U.S. dollars for trips abroad in 1984, according to the Bank of Japan. The number of Japanese who tour abroad is expected to continue to grow this year, the report predicted.

#### DPRK REJECTS SEOUL'S PROPOSALS FOR DIALOGUE

OW011757 Beijing XINHUA in English 1639 GMT 1 Apr 86

[Text] Pyongyang, April 1 (XINHUA) -- The Democratic People's Republic of Korea (DPRK) today rejected South Korea's proposals to resume the North-South economic and Red Cross talks on the ground that Seoul and Washington are continuing with their war games. The Korean Central News Agency (KCNA) said in a dispatch that leaders of the DPRK delegations to the North-South economic and Red Cross talks, Yi Chong-ok and Chong-yul, informed their South Korean counterparts on the telephone that the DPRK cannot agree to their proposals. South Korea suggested last Wednesday that the two sides reopen their economic talks on April 30 and the Red Cross meeting on May 27. The proposals put forward by Sout' Korea are "unreasonable" and "deserving no consideration," the two Northern delegation chiefs said in their telephone messages.

Officials from Pyongyang and Seoul have kept their contacts through three channels, economic talks, Red Cross discussions and parliamentary negotiations, all of which were suspended after the United States and South Korea started their joint military maneuvers in early February. DPRK parliamentarians Monday turned down Seoul's proposal for restarting the preliminary parliamentary talks, saying that it is "not worthy of consideration." Pyongyang has repeatedly stated that the South Korean authorities have no right to talk about resumption of North-South contacts at a time when the U.S.-South Korean joint military exercises are still going on.

CGDK'S SIHANOUK PREPARES FOR DPRK TRIP

## Deng Yingchao Visits

OW061441 Beijing XINHUA in English 1433 GMT 6 Apr 86

[Text] Beijing, April 6 (XINHUA) -- Deng Yingchao, chairman of the National Committee of the Chinese People's Political Consultative Conference, called on Prince Norodom Sihanouk, president of Democratic Kampuchea, and Madame Sihanouk here this afternoon. Sihanouk and his wife will leave here soon for the Democratic People's Republic of Korea.

When Deng reached Sihanouk's residence, the Prince warmly shook her hands and said, "It is my great honor that you are here to see me." Deng and Madame Sihanouk exchanged flower baskets. On behalf of the Coalition Government of Democratic Kampuchea (CGDK) and the Kampuchean people, Sihanouk extended his gratitude to the Chinese Government and people for their support for the Kampuchean people's struggle when they are in the most difficult situation.

Deng said, "This is our duty." China and Kampuchea are good neighbours, and the Chinese people will do their utmost, both politically and materially, to support the Coalition Government of Democratic Kampuchea and the Kampuchean people in their struggle against the Vietnamese aggression and for national salvation and firmly oppose big and small hegemonism, she said. "We are very glad to learn that the tripartite Coalition Government of Democratic Kampuchea is very united to fight the enemy and has won new victory recently," Deng said. She described the eight-point proposal for a political solution to the Kampuchea question which was put forward at a cabinet meeting of the Coalition Government of Democratic Kampuchea as a wise idea. The proposal has won support of the members countries of ASEAN and some other countries, Deng said. Deng wished the Kampuchean people under the leadership of Sihanouk would achieve greater victory in their just struggle.

Democratic Kampuchean Ambassador to China Chan Youran was present.

## Wu Xueqian at Farewell Banquet

OW041726 Beijing XINHUA in English 1501 GMT 4 Apr 86

[Text] Beijing, April 4 (XINHUA) -- State Councillor and Foreign Minister Wu Xueqian gave a farewell banquet here this evening for Prince Norodom Sihanouk, president of Democratic Kampuchea, and Madame Sihanouk, who will leave here soon for Democratic People's Republic of Korea. Democratic Kampuchean Ambassador to China Chan Youran also attended the banquet.

SRV REJECTION OF CGDK PROPOSAL CONDEMNED

OW061005 Beijing in Vietnamese to Vietnam 1100 GMT 5 Apr 86

[Unattributed commentary: "The Vietnamese Authorities' Refusal To Hold Talks Has Created Obstacles to a Solution of the Cambodian Problem"]

[Text] The eight-point proposal of the Coalition Government of Democratic Kampuchea [CGDK] on a political solution to the Cambodian issue has enjoyed the international community's acclamation and support, but has been unreasonably rejected by the Vietnamese authorities.

Through this, one can see clearly who has impeded the settlement of the Cambodian issue. Malaysian Minister of Foreign Affairs Rithauddeen recently said: Vietnam's refusal to hold negotiations constitutes the main obstacle to the settlement of the Cambodian issue. This remark is quite correct.

It is very irrational that Vietnam has refused to hold talks with the CGDK. As everyone knows, it was Vietnam's armed invasion of Cambodia at the end of 1978 that created the Cambodian problem. To solve the Cambodian problem, Vietnam must withdraw its troops from Cambodia. This is the key to the problem.

To peacefully solve the Cambodian problem, on 17 March the CGDK advanced its eight-point proposal, requesting negotiations with Vietnam on the process of its troop pullout. This proposal is rational and sensible because the Cambodian war has been waged between Vietnam and the CGDK. To restore peace in Cambodia, it is necessary to hold negotiations between the two warring sides. If one side refuses to negotiate, it is impossible to talk about the restoration of peace in Cambodia. Vietnam is one of the two warring sides, but it has refused to hold talks. This proves that it has no intention at all of solving the Cambodian problem politically. The so-called desire to settle the Cambodian issue politically as propagandized previously by Vietnam is but a political trick in coordination with its military action.

In rejecting the CGDK's rational proposal, the Vietnamese authorities have pleaded that Cambodia's internal affairs must be settled by the Cambodian people themselves and that Heng Samrin is the only genuine and legitimate representative of the Cambodian people. This means that to solve the Cambodian problem, negotiations must be conducted between Heng Samrin and the resistance forces, without Vietnam's involvement. This argument of Vietnam is extremely absurd. In fact, the Heng Samrin administration was set up following Vietnam's invasion of Cambodia. How can such an administration, which can survive only with Vietnam's military support, decide whether or not Vietnam must withdraw its troops.

In consideration of the national cause, the CGDK has agreed on Heng Samrin's participation in the negotiations on the formation of a quadripartite coalition government. This is an important concession made to Vietnam.

Defying the CGDK's good will for peace, the Vietnamese authorities have persisted in their aggressive stand while using Heng Samrin as a shield, refusing to hold talks, and stubbornly impeding a political settlement of the Cambodian issue. This only isolates them more in the international arena.

KHIEU SAMPHAN NOTES SUPPORT FOR CGDK PROPOSAL

0W051918 Beijing XINHUA in English 1901 GMT 5 Apr 86

[Text] Bangkok, April 5 (XINHUA) -- Khieu Samphan, vice-president of Democratic Kampuchea, said here today that his visit to the Philippines was "quite successful" and all ASEAN countries had granted full support to the latest eight-point proposal put forward by the Kampuchean Coalition Government for a political solution to the Kampuchean problem. He made these remarks upon his arrival at the Don Muang Airport here from a three-day visit to the Philippines, where he participated in an ASEAN senior officials' meeting. ASEAN groups Brunei, Indonesia, Malaysia, Singapore, the Philippines and Thailand.

This is his first appearance before the press here since the formation of the Coalition Government of Democratic Kampuchea (CGDK). Khieu Samphan and some other senior officials of the CGDK explained their position on the recent eight-point proposal to the ASEAN representatives who met in Manila yesterday.

Khieu Samphan, flanked by Boun Say, member of the Coordination Committee for Finance and Economy of the CGDK, and Prince Norodom Ranariddh, personal representative of President Norodom Sihanouk in Kampuchea and Asia and commander-in-chief of the Nationalist Sihanoukian Army, reaffirmed to Thai and foreign journalists gathered in the VIP room of the airport, the eight-point proposal released by Norodom Sihanouk, Son Sann and Khieu Samphan on March 17 in Beijing.

The latest proposal calls for a two-stage withdrawal of Vietnamese troops from Kampuchea, and for four-party negotiations among the three resistance factions and the Heng Samrin regime to set up a four-party coalition government in Kampuchea. Khieu Samphan said, "after the completion of the first stage of Vietnamese troop withdrawal, there will be negotiation between CGDK and the Heng Samrin regime to form a four-party coalition government which will be in charge of organizing the general elections under the supervision of the United Nations." "The Kampuchean people will decide what kind of government is most suitable to their country," he added.

When asked whether the National Army of Democratic Kampuchea will merge with other resistance forces after the general election, Khieu Samphan said, "We know very well Vietnam's strategy of Indochina federation. So we have to be able to defend our country. We should find a way to ensure good cooperation among the military forces of every faction." He also confirmed recent coordinated military operation by the resistance forces of the three factions of CGDK against Battambang City. "Now we cooperate better and better," he said.

#### AUDITOR GENERAL HEADS DELEGATION TO SYDNEY TALKS

OW051135 Beijing XINHUA in English 1111 GMT 5 Apr 86

[Text] Beijing, April 5 (XINHUA) -- Chinese auditors have been increasing their international contacts "to help China build its own system" for checking financial accounts, a leading auditor said here today.

As part of this effort, said Yang Po, deputy director of the Auditing Administration, China's Auditor General, Lu Peijian, will lead a delegation to the 12th Assembly of the International Organization of Supreme Audit Institutions in Sydney April 7 to 16. China joined the organization in 1982. The country became a member of the Asia Organization of Supreme Audit Institutions in 1984. Before 1983, China did not have independent auditing departments. Since auditing became more needed as the economic development accelerated, the Auditing Administration was set up in September, 1983.

Auditing experts from abroad have made extensive visits to China to train auditors here. And Chinese auditors have studied throughout the world. Australia alone has helped train more than 300 Chinese auditors, Yang said, and Canada has agreed to help train 480 more and to provide advanced computer auditing equipment.

HONG KONG 'UNOFFICIALS' FETE XU JIATUN, OTHERS

OW052054 Beijing XINHUA Domestic Service in Chinese 1814 GMT 4 Apr 86

[Text] Hong Kong, 4 Apr (XINHUA) -- The unofficials of the legislative and executive councils in Hong Kong hosted a banquet to fete the responsible persons of the XINHUA Hong Kong Branch tonight.

Director Xu Jiatun; deputy directors Li Chuwen, Zheng Hua, Chen Daming, and Chen Bojian; Secretary General Yang Qi; and Deputy Secretaries General Qiao Zonghuai and Mao Junnian and others of the XINHUA Hong Kong branch attended the banquet on invitation.

More than 40 unofficials of the two councils including Zhong Shiyuan and Deng Lianru also attended the banquet. The banquet proceeded in a cordial atmosphere.

FIRST XIZANG-HONG KONG JOINT VENTURE NOTED

OW041946 Beijing XINHUA in English 1902 GMT 4 Apr 86

[Text] Lhasa, April 4 (XINHUA) -- The Tibet Autonomous Region will soon open its first joint venture -- the China Tibet International Travel Service -- together with Hong Kong's China Merchants Steam Navigation Group Co. Ltd. Local officials said here today agreement on the travel service was signed here April 3.

The Hong Kong-stationed service will attract overseas tourists to Tibet. The Tibet autonomous region received more than 15,000 tourists in 1985.

GREECE'S PAPANDREOU ARRIVES FOR OFFICIAL VISIT

## Leaves Athens Airport

OW051120 Beijing XINHUA in English 1045 GMT 5 Apr 86

[Text] Athens, April 5 (XINHUA) -- Greek Prime Minister Andreas Papandreu left here this morning for a five-day visit to China at the invitation of Chinese Premier Zhao Ziyang. This is the Greek prime minister's first visit to China since taking office in 1981.

Papandreu is accompanied by Foreign Minister Karolos Papoulias, Undersecretary of Commerce Yeoryios Katsifaras and other Greek Government officials, as well as more than 100 Greek journalists and business people.

He is expected to have talks with Chinese leaders on a wide range of subjects related to both the international situation and bilateral relations. He will also visit Shanghai, the largest port and industrial city of China. Speaking to Fan Chengzuo, charge d'affaires of the Chinese Embassy, at the airport, the Greek prime minister said "China is now carrying out a great cause in which I, as an economist, take a great interest. I am very pleased to have my visit to China realised now. I have long been looking forward to it."

Papandreu and his party will have a short rest in Bangkok before flying to Beijing on Monday.

Sino-Greek relations have been developing steadily since the two countries established diplomatic ties in 1972. Trade between the two is also on the increase, with the volume jumping from 1.6 million U.S. dollars in 1973 to more than 85 million dollars last year.

## Arrives in Beijing

OW070908 Beijing XINHUA in English 0737 GMT 7 Apr 86

[Text] Beijing, April 7 (XINHUA) -- Greek Prime Minister Andreas Papandreu arrived here by special plane this afternoon on a five-day official visit to China at the invitation of Chinese Premier Zhao Ziyang.

He was greeted at the airport by Zhu Xun, chairman of the Chinese Government reception committee and minister of geology and mineral resources. Papandreu is accompanied by Foreign Minister Karolos Papoulias, Under Secretary of Commerce Yeoryios Katsifaras, and other Greek government officials, as well as more than 100 Greek journalists and businessmen. Later this afternoon the Chinese Government will give a grand welcoming ceremony for the Greek Prime Minister. A state banquet in honor of him will be held this evening in the Great Hall of the People.

WU XIUQUAN MEETS AUSTRIAN PROVINCIAL GOVERNOR

OW051141 Beijing XINHUA in English 1115 GMT 5 Apr 86

[Text] Beijing, April 5 (XINHUA) -- Wu Xiuquan, Standing Committee member of the Central Advisory Commission of the Chinese Communist Party, met Dr. Josef Krainer, governor of the Austrian federal state of Styria, and his party here today.

Wu is also chairman of the Beijing Institute for International Strategic Studies. The Austrian visitors will leave here tomorrow for a tour of other Chinese cities.

QIAO SHI, DELEGATION TO ITALIAN COMMUNIST CONGRESS

OW061442 Beijing XINHUA in English 1430 GMT 6 Apr 86

[Text] Beijing, April 6 (XINHUA) -- A Chinese Communist Party (CPC) delegation left here this evening for Italy to attend the 17th National Congress of the Italian Communist Party. The delegation is led by Qiao Shi, member of the Political Bureau and member of the Secretariat, of the CPC Central Committee.

Seeing the delegation off at the airport were Li Peng, member of the Political Bureau and Member of the Secretariat of the CPC Central Committee, and Zhu Liang, head of the International Liaison Department of the CPC Central Committee.

PLA NAVAL COMMANDER HOSTS ITALIAN NAVY CHIEF

OW041735 Beijing XINHUA in English 1600 GMT 4 Apr 86

[Text] Beijing, April 4 (XINHUA) -- Liu Huaqing, Naval commander of the Chinese People's Liberation Army (PLA), gave a banquet here this evening to welcome Vice-Admiral Giasone Piccioni, Italian Naval chief of staff, and his wife. Speaking at the banquet, Liu said that with the continued development of Sino-Italian relations, friendly contacts between the Navies of the two countries have also increased.

"The fact that we are receiving the Italian Naval chief of staff in Beijing and two Italian Naval vessels in Shanghai testifies to our friendly relations," he added. Piccioni agreed, saying, "Although Italy and China are separated by a long distance, we feel at home here."

The Piccionis arrived here today at the invitation of Liu Huaqing. They will join Naval officers and men from their two missile escort vessels on a visit to Shanghai. They will also visit Qingdao and Guangzhou.

MORE REPORTAGE ON VISIT OF SFRY PRESIDENT

## Exchange of Views With Deng

OW041515 Beijing XINHUA in English 1432 GMT 4 Apr 86

[Text] Beijing, April 4 (XINHUA) -- China's senior leader, Deng Xiaoping, said today that the economic reforms and open policy have kept the country firmly on the socialist road. He was speaking at a meeting in Beijing's Great Hall of the People with Radovan Vlajkovic, president of the Presidency of the Socialist Federal Republic of Yugoslavia.

Deng said all the policies and principles China had adopted since the Third Plenary Session of the 11th Central Committee of the Chinese Communist Party in 1978 served two purposes. One was to adhere to the socialist road and the other was to oppose hegemonism and safeguard world peace. It was of vital importance for China to uphold socialism and peace, Deng stressed.

"As long as China, which has a billion people, pursues socialism and peace, it will make relatively great contributions to mankind. If China embarks on a capitalist road or practises hegemonism, it will bring calamities for mankind," he said. Deng regarded the adherence to socialism and support for peace as criteria on which to judge whether China had embarked on a right road.

He said, during the "Cultural Revolution" (1966-76) total egalitarianism was practised, and the so-called theory of rather needing poor communism than rich capitalism was advocated. He said, "We cannot say that not wanting capitalist riches is incorrect. But the Marxist viewpoint definitely does not equate communism with poverty". The communist principle of distribution is from each according to his ability, to each according to his needs," he said. Communist society can only be built up on an abundance of material wealth. But how can it have such wealth if the productive forces have not been developed? he asked.

"Therefore", he said, "our main task is to develop our social productive forces and realize our final goal of communism." Deng said, "It is impossible to develop the productive forces if we close our country to international exchanges and do not carry out the policy of opening to the outside world. And it is also impossible to develop the productive forces without enlivening our domestic economy and giving full play to the initiative of the people."

Vlajkovic shared Deng's views and said that China is taking a correct road, adding that China's adherence to the socialist road is of worldwide significance.

Deng briefed the guests on China's ongoing economic restructuring and said China must practise reform as it wants to build socialism with its own characteristics. The Seventh Five-Year Plan, beginning this year, is crucial to an all-round economic restructuring. Reform in urban China is much more complicated than in rural China, he pointed out. Now China is carefully watching every step taken, and must make resolute decisions at every stage. Deng said he was convinced that China would succeed in its reform.

Present on the occasion were Wu Xueqian, state councillor and foreign minister, and Zhang Jingfu, state councillor. Afterwards, Deng gave a luncheon in honor of Vlajkovic, his wife and their party.

## Leaves Beijing For Xian

OW050730 XINHUA in English 0719 GMT 5 Apr 86

[Text] Beijing, April 5 (XINHUA) -- President of the Presidency of the Socialist Federal Republic of Yugoslavia Radovan Vlajkovic and his wife left here by plane on a visit to Xian this morning. President Li Xiannian and his wife Lin Jiamei saw the guests off at the State Guesthouse before their departure.

Li Xiannian said that the Yugoslavia President's visit had been a great success and strengthened the friendship between the two parties, the two countries and the two peoples.

Vlajkovic said the two sides share views on major international issues. "I have experienced the good feelings and friendship of the Chinese people for the Yugoslav people," he added. State Councillor Zhang Jingfu accompanied the guests on their visit to Xian.

## Welcomed By Guangdong Officials

OW061636 Beijing XINHUA in English 1627 GMT 5 Apr 86

[Text] Guangzhou, April 5 (XINHUA) -- Radovan Vlajkovic, president of the Presidency of Yugoslavia, his wife and their party arrived here this evening from Xian, in the company of Chinese State Councillor Zhang Jingfu. They were greeted at the airport by Lin Ruo, secretary of the Chinese Communist Party Committee of Guangdong Province, and Yang Li, vice-governor of Guangdong.

When the Yugoslav visitors arrived at the garden hotel, they were greeted by a shower of rose petals tossed to them by the hotel employees. Vlajkovic and his party arrived in Xian from Beijing this morning. They were welcomed at a luncheon given by Bai Jinian, secretary of the CPC Shaanxi Provincial Committee. They were taken to the museum displaying excavated terracotta horses and warriors as well as the city's western gate and its embrasured watchtower, two historic relics dating back to the Ming Dynasty (1368-1644), in Xian this afternoon.

BULGARIAN LEADER OPENS 13TH PARTY CONGRESS

OW031849 Beijing XINHUA in English 1629 GMT 3 Apr 86

[Text] Sofia, April 3 (XINHUA) -- The U.S. administration's new global strategy has turned the world equilibrium, and therefore pushed the world situation to the brink of a nuclear confrontation, Bulgarian leader Todor Zhivkov said Wednesday. In the opening address of the party's 13th Congress, Zhivkov condemned the United States for continuing nuclear tests and its Strategic Defense Initiative, also known as "star wars." He said problem of peace and war is the number one issue in today's world. The Bulgarian leader said the development of relations with Socialist countries is of special importance under the present international situation.

Zhivkov also stressed that Bulgaria supports developing countries in their demand to change the present international relations and to establish a new international economic order. Relations with capitalist countries, Zhivkov said, should be built on the basis of mutual benefit. Bulgaria advocates political dialogues and nondiscriminating cooperation in the fields of economy, science and culture.

AGRICULTURE MINISTER HOSTS POLISH COUNTERPART

OW041732 Beijing XINHUA in English 1602 GMT 4 Apr 86

[Text] Beijing, April 4 (XINHUA) -- Polish Minister of Agriculture, Forestry and Food Industry Stanisaw Zieba and his party were honored tonight at a banquet given by his Chinese counterpart He Kang at the State Guest House. This morning, the two ministers exchanged views on expanding cooperation in agriculture between China and Poland.

DECEASED CHINESE WORKERS REMEMBERED IN ALBANIA

OW060354 Beijing XINHUA Domestic Service in Chinese 1445 GMT 5 Apr 86

[Text] Tirana, 5 April (XINHUA) -- On the occasion of the traditional Chinese tomb-sweeping festival, Chinese Ambassador to Albania Xi Zhaoming visited the Tirana cemetery and swept the tombs of three Chinese engineers and technicians who died while helping with Albania's economic construction.

The three Chinese comrades are: Peng Guiwen, Zhang Baoyu, and Li Dexiong. Of them, Comrade Zhang Baoyu was posthumously honored by the Albanian People's Assembly's Presidium as an "Albanian Socialist Labor Hero."

On the same day, Ambassador Xi Zhaoming went to Durres to sweep the tombs of Ou Xiande and Song Shuhang, two Chinese sailors who sacrificed their lives there.

RENMIN RIBAO EDITORIAL VIEWS 1976 TIANANMEN INCIDENT

HK060724 Beijing RENMIN RIBAO in Chinese 5 Apr 86 p 1

[Editorial: "Socialist Modernization -- a Lasting Message in History -- In Commemoration of the 10th Anniversary of the 'April 5th Incident'"]

[Text] A mass activity in memory of Comrade Zhou Enlai and in protest of the scheme to usurp party leadership and state power by the "gang of four" erupted in the capital in early April 1976. This mass activity was conducted under the influence of the correct party line. It was, in essence, support for the correct leadership of the party represented by Comrade Deng Xiaoping. The appeal for modernization, ardently cherished by the people, was a mighty punitive force against the "gang of four." It laid a mass foundation for the party's triumphant smashing of the "gang of four." It was the first spring thunder as the 10-year catastrophe drew to a close. Almost without our realizing it, 10 years have passed. The course of history over the past decade has left a brilliant record. The general aim is to build a strong, modern socialist country with a high level of civilization and democracy.

Through discussions on "practice is the sole criterion for testing truth" over the past decade, the shackles of the "two whatevers" were shattered. Through the convocation of the 3d Plenum of the 11th CPC Central Committee, which is of great historical significance, and the convocation of the 6th Plenum of the 11th CPC Central Committee in 1981, the party triumphantly set things right in its guiding ideology. At the same time, we have shifted the focus of the whole party's work to socialist modernization. We have launched arduous economic reforms and economic development. Great achievements have been scored in rural economic reform. A bold step has also been taken in the all-round reform of the economic structure with emphasis on the cities, and achievements scored have attracted worldwide attention. We have also carried out other major reforms, including reform of educational, science and technology management, and cadre systems. Looking back on the past decade, we can proudly boast that the speed and steadfastness in progress toward modernization have far surpassed the greatest extent imaginable 10 years ago.

Fundamental changes have occurred in China's political and economic situation compared to that of 10 years ago. History long ago entered a new era. In this new era, the central task of the whole party and the entire people of the nation is to realize the four modernizations step by step and to build socialism with Chinese characteristics. To achieve this great task, the party calls on people of the entire nation, especially the younger generation which shoulders the future, to carry forward the spirit of the foolish old man who removed the mountains and to work and study hard. It is by no means easy to modernize a large and backward country. Economically, we are faced with a move from the old to the new economic structure. This is an extremely complicated social and economic movement. It calls for great courage, persistence, patience, and drive. Politically, we must constantly overcome salient, hidden, structural, ideological, and other obstacles in order to strengthen and perfect socialist democracy and the socialist legal system. This will be a fairly long historical process. Ideologically, we are in an environment with stinking feudalist residue and decadent capitalist influences. To accomplish the grand task of building socialist spiritual civilization calls for sustained efforts by the whole party and the entire people and a tenacious battle by some outstanding people in particular. Fundamentally speaking, moreover, the perfection of socialist democracy and the building of the socialist legal system and ideology also hinge on a high degree of development in productive forces and great enhancement of the quality of the national culture. These problems cannot be resolved by step under party leadership. To provide a good social and political environment for modernization and reform, we must particularly treasure the hard-won excellent situation characterized by stability and unity.

We must take good care of the situation, in the same way we take care of our eyes. The people stand by and support the party; the party cherishes and serves the people. The one heart of the people, the party, and the military echoes the call to unite and work hard to revitalize China.

The younger generation played a particularly salient role in the "April 5th" Tiananmen Incident 10 years ago. In the decade that followed, the overwhelming majority of young people from that time have diligently and conscientiously contributed to the four modernizations. Many of them have grown into the most reliable backbone force of the party and into valuable people on various fronts. In lessons drawn from their personal positive and negative experiences, they profoundly realized that only under the leadership of the CPC can young people fully bring their talents into play and grow up to benefit society by devoting themselves to building a prosperous and strong motherland and working for the people's well-being. To carry forward today the spirit of the "April 5th Incident," educated youths must consciously close ranks with the broad masses of workers and peasants. They must learn from books, as well as from practice. They must go to the grass-roots units and undertake construction tasks and scientific experiments. They must plunge into and promote reform, temper themselves into able people for construction of the motherland, and strive to become an educated and disciplined new generation with lofty ideals and moral integrity.

Socialist modernization is the strongest message of the "April 5th Incident" and also of the times. Let us continue to carry forward this strongest message and strive to build China into a strong, modern socialist country with a high degree of civilization and democracy!

#### BEIJING MEETING MARKS TIANANMEN INCIDENT

OW050607 Beijing XINHUA Domestic Service in Chinese 1248 GMT 4 Apr 86

[By reporter Wu Jincai]

[Excerpts] Beijing, 4 Apr (XINHUA) -- People from all walks of life in Beijing held a meeting at the Great Hall of the People this morning to mark the 10th anniversary of the Tiananmen Incident, which took place in April 1976 and represented a movement to mourn the demise of Premier Zhou Enlai and lodge a strong protest against the "gang of four."

Bo Yibo, vice chairman of the CPC Central Committee Advisory Commission, delivered a speech at the memorial meeting.

Yu Qinghe, Li Yuanchao, and Wang Qingshu, responsible persons of the All-China Federation of Trade Unions, the CYL Central Committee, and the All-China Women's Federation, also delivered speeches at the meeting. They called on workers, young people and women throughout the country to follow the trend of the times, shoulder their historical responsibilities and make due contributions to promoting reforms and the four modernizations program, fulfilling the "Seventh 5-Year Plan," and developing the two socialist civilizations.

The memorial meeting was presided over by Li Ximing, secretary of the Beijing Municipal CPC Committee. Attending the memorial meeting were more than 400 people, including Hu Qili, Li Peng, Wang Zhen, Wang Shoudao, Wu Xiuquan, Xiao Ke, Duan Junyi, Lu Zhengcao, Mayor Chen Xitong of Beijing Municipality, and the representatives of all walks of life in the capital.

## Bo Yibo Speech

OW050458 Beijing XINHUA Domestic Service in Chinese 1259 GMT 4 Apr 86

[Speech by Bo Yibo at 4 April memorial meeting in Beijing at the Great Hall of the People to mark the 10th anniversary of the April 5th Incident]

[Excerpts] Beijing, 4 Apr (XINHUA) -- Comrades : Today we are happy to gather here to mark the 10th anniversary of the Tiananmen Incident in April 1976 which represented the movement to mourn the demise of Premier Zhou Enlai and lodge a strong protest against the "gang of four."

The Tiananmen Incident took place under the party's correct leadership and under the party's correct guidance. The "resolution" of the 6th Plenum of the 11th CPC Central Committee pointed out: The essence of this movement was to support the party's correct leadership with Comrade Deng Xiaoping as its representative. Among the masses and young people participating in the movement, many CPC and CYL members, who were educated by the party for many years and endured the political turmoil, economic upheavals, and miserable sufferings during the "Cultural Revolution" without a single peaceful day, had fully realized the harmful effects of the ultra-leftist line advocated by the "Cultural Revolution" and the ugly features of Jiang Qing and her cohorts. They ardently cherished the correct proposal to develop the four modernizations program as put forward by the party. They had particularly seen hope in the series of correct measures taken by Comrade Deng Xiaoping when he was in charge of the day-to-day work of the CPC Central Committee. They had hoped that such measures would be persistently carried out, while realizing that only by eliminating chaos, achieving stability and unity, firmly implementing the correct principles and policies of the party with Comrade Deng Xiaoping as its representative, and developing the four modernizations program, would it be possible for us to take the only correct path for rejuvenating the nation and making our nation more prosperous and powerful. The party's correct stand had become the great banner of the Tiananmen Incident. It was precisely under the guidance of this banner of great significance that millions of the masses and young people had congregated in Tiananmen Square. Our experience in the past has proven that only under the correct leadership of the party and the influence of the party's correct guidance will it be possible to mobilize and completely unite the Chinese people and youth to forge ahead toward a common goal. Although the Tiananmen Incident occurred under special historical conditions, it also carried forward the glorious revolutionary traditions which had been upheld by many mass and youth movements in the current history of the revolution launched under the leadership and the influence of our party.

At a time when we mark the 10th anniversary of the "April 5th" Incident, we are happy to see that as compared with ten years ago, basic profound changes have already taken place in our country. Since the 3d Plenum of the 11th CPC Central Committee, the party Central Committee has made a series of policy decisions; led the whole party, the entire Army, and people of all nationalities throughout the country to fulfill their arduous task of eliminating chaos and restoring order in their guiding ideology; brought about great historic changes; found a correct road to build socialism with Chinese characteristics; and scored tremendous achievements that have been universally-acknowledged. Right now, China's political situation is stable and its economy is being rejuvenated. The government functions well, and the people enjoy peace. The people's living standards are gradually rising, while socialist democracy and the legal system are being continuously improved. Reforms of all types have vigorously developed. The Chinese people have not had the opportunity to build their own country, as they wished for so many years. A decade ago, the primary task of the whole party and all the people in the country was to end the 10-year domestic turmoil and save our socialist motherland from calamity.

This task has already been fulfilled. Now a new page of history has turned. The historic mission entrusted to our people by the new period is to build our great motherland. This is the strong aspiration of the one billion Chinese people. It is also the most fervent wish of all the heroic martyrs who laid down their lives in various stages of the revolution and the proletarian revolutionaries of the older generation.

Currently the Fourth Session of the Sixth National People's Congress is in session. The magnificent "Seventh 5-Year" Plan will be adopted by this session. The formulation and implementation of the "Seventh 5-Year" Plan signify that China's socialist construction has entered another new and important stage. This year is the first year of the "Seventh 5-Year" Plan. In reforming the economic structure this year, we must attach importance to consolidating, assimilating, replenishing, and improving reform measures and make preparations for the new steps to be taken each year from now on. People throughout the country, particularly young workers, peasants, scientists, and technicians on the forefront of construction and reform, will further strengthen their sense of the historical mission, work harder than ever on their respective posts, and do a good job in reforming the economic system and developing the two civilizations.

Right now, the political and economic situation in China is the best since the founding of the nation. However, there are some things which are not so ideal, and there remain many problems in party style and social ethics. With regard to shortcomings and unhealthy trends, the party and the government are taking positive measures to earnestly solve these problems. They have already brought marked results. We welcome all people to work with the party and the government to tackle issues concerning construction, reform, party style, social ethics, and other issues affecting the future and destiny of the state. We also welcome everyone to offer his criticisms and proposals according to democratic and legal procedures in line with organizational principles. Under the leadership of the party and the people's government, we must bring into full play the spirit of tenaciously waging struggles; strengthen socialist democracy and the legal system; and firmly and persistently wage struggles against unhealthy tendencies and criminal offenses. However, we must never do anything in the form of any movement or in the form of the "Cultural Revolution", because these forms will inevitably bring new chaos. Such chaos would undermine and interfere with the four modernizations drive. Nor would they truly correct the unhealthy trends and achieve anything in combating criminal offenses.

In conclusion, I would like to say something to the intellectuals. The motherland and the people pin great hopes on intellectuals. Intellectuals must master one specialty, and become specialists and experts in that field. They must do a good job in study Marxism and Mao Zedong Thought as well as the party's line, principles, and policies. We do not require that a specialist know all the subjects in various fields, but we demand that every specialist understand the basic theories of Marxism and Mao Zedong Thought. They must not only learn from books, but also pay attention to practical knowledge. Intellectuals, particularly young intellectuals, must maintain close touch with reality; identify themselves with workers and peasants; penetratingly carry out structural reforms, economic construction, and scientific experiments; go deep among the masses of workers and peasants to link the knowledge they have taken from books with practice to build the country, and turn themselves into competent people for the development of the motherland's four modernizations program in the course of carrying out practices.

Comrades, a great era is calling us. Let us embark on a new journey and plunge into a new battle, and work hard to make contributions in fulfilling the lofty task of making the motherland prosperous and powerful and helpful the people become affluent.

DENG XIAOPING, OTHER LEADERS PLANT TREES 6 APRIL

OW061451 Beijing XINHUA Domestic Service in Chinese 1140 GMT 6 Apr 86

[By reporter Li Shangzhi]

[Text] Beijing, 6 Apr (XINHUA) -- Comrade Deng Xiaoping, who is an initiator of the nationwide campaign for obligatory tree planting, along with Comrades Hu Yaobang, Zhao Ziyang, Li Xiannian, and Peng Zhen, took part in the obligatory tree-planting drive this morning involving 1 million people in the capital. Together with the gardeners, they planted 116 pine trees and cypresses at Tiantan [Temple of Heaven] Park.

Tiantan Park is one of the renowned tourist attractions in the capital, and each year about some 10 million sightseers, both Chinese and foreign, visit this place. Today is Sunday, and Beijing experienced fine weather with gentle breezes and a bright sun. There were a large number of Chinese and foreign visitors in Tiantan Park, where green buds have appeared on the plants and the peach trees are in full blossom. At 0930 several minibuses stopped on the northern side of the Qinian Hall. From one of the minibuses, Comrade Deng Xiaoping, dressed in a dark grey tunic suit, came down hand in hand with his small granddaughter. In high spirits, he said to the granddaughter: "Yangyang, we are here again to plant trees. How beautiful this place has become after trees have been planted!" He said this because last year, on the morning of 12 March -- Arbor Day -- he took his small granddaughter, Yangyang, to this same place to plant trees. It was in that tree-planting activity that Comrade Hu Yaobang made a suggestion to Beijing Municipal CPC Committee Secretary Li Ximing and Mayor Chen Xitong to postpone Beijing's all-people tree-planting day to the first Sunday of April each year because spring comes comparatively late in this municipality. This suggestion was later adopted by the Beijing Municipal People's Congress. Today when some 1 million people in Beijing Municipality were taking part in the obligatory tree-planting drive, leading comrades at the central level came again to plant trees in Tiantan Park.

While planting trees, Comrade Hu Yaobang chatted with Li Ximing and Chen Xitong about the work of Beijing Municipality. Comrades Deng Xiaoping and Peng Zhen, with spades on their shoulders, came to a spot where a hole had been dug in the ground for planting the tree sapling. These two elder revolutionaries, both over 80, chatted with each other while shoveling earth around the roots of the sapling. Seeing his small granddaughter working in real earnest, Deng Xiaoping stood up straight and said with a smile: "She is 6 years old now. She has accompanied me in planting trees for 3 years." At this time, Comrade Yang Shangkun also came here to plant trees with his 5-year-old granddaughter Jingmei. In great delight, Comrade Deng Xiaoping said: "Children have also come to participate in the tree-planting drive."

In another area, Comrades Zhao Ziyang and Li Xiannian worked so hard that sweat appeared on their faces. Comrade Li Xiannian straightened his back and wiped the sweat on his face. He said: "Planting is only the first step. The key task is to make sure that the saplings we have planted will survive." Comrade Zhao Ziyang said: "To make sure that they will survive, we have to step up the work of managing them." Then, he said to the gardeners working by the side; "After we have planted these saplings, we will go away. The future work of managing the saplings will be left to you. Please take care of them." Both Comrades Zhao Ziyang and Hu Qili were in sportswear today. When several old comrades saw the many trees planted by Comrade Hu Qili, they smiled and praised him as a strong and tough young fellow.

Comrades Xi Zhongxun, Qiao Shi, Li Peng, Yang Dezh, Wu Xueqian, Yu Qiuli, Yao Yilin, Ni Zhifu, Chen Muhua, Chen Pixian, Deng Liqun, and Wang Zhaoguo also came to Tiantan Park to plant trees. They shoveled earth spade by spade and then watered the newly planted saplings.

Some deputies to the Fourth Session of the Sixth NPC, some members attending the Fourth Session of the Sixth CPPCC National Committee, as well as cadres, staff members, and workers of the organs directly under the CPC Central Committee and the central state organs also took part in the tree-planting drive carried out by the people of the capital today.

Comrades Wan Li and Hao Jianxiu, on an inspection tour in Wenzhou, Zhejiang, also participated in the tree-planting activities at Jingshan mountain in the western suburbs of Wenzhou City together with the local cadres.

#### SIXTH NATIONAL PEOPLE'S CONGRESS CONTINUES

##### Presidium Holds 2d Meeting

0W041130 Beijing XINHUA Domestic Service in Chinese 0839 GMT 4 Apr 86

[Text] Beijing, 4 Apr (XINHUA) -- The Presidium of the Fourth Meeting of the Sixth NPC held its second meeting at the Great Hall of the People this morning. Peng Zhen, chairman of the NPC Standing Committee and executive chairman of the Presidium, addressed the meeting, which was chaired by Chen Pixian, vice chairman of the NPC Standing Committee and another executive chairman of the Presidium.

The Presidium meeting today decided to pass among the deputies a draft resolution concerning the Seventh 5-Year Plan to see if they have any opinions on revising the draft before it is adopted by the next Presidium meeting. The meeting also adopted the draft resolution concerning the 1986 national economic and social development plan, and decided that, after the meeting, copies of the draft resolution will be distributed to all delegations for discussion before it is examined at the full session.

During the meeting, Wang Renzhong, chairman of the NPC Financial and Economic Committee, made a report on the examination of the implementation of the 1985 state budget and the draft 1986 budget. He said: My committee learned from the examination that the implementation of the State Council's 1985 state budget was generally satisfactory. On the basis of achieving a sustained, stable and coordinated economic growth, the budgeted revenues and expenditures were accomplished better than expected. The nation's thriving economic growth -- achieved on the basis of reform, opening to the outside world and enlivening the economy -- can be seen from the fact that 1985 revenues were 36.2 billion yuan higher than those of 1984. The distribution of capital basically ensured the needs of key projects concerning development of energy and intellectual resources and construction of communications facilities. On the basis of developing production, initial success was achieved in reforming the wage system of state organs and institutions, and the wage scale of workers and staff members of enterprises was also readjusted. Compared with that of 1984, the living standards of people in cities and rural areas was improved in various ways. The nationwide inspection of tax collection, fiscal work, and commodity prices not only increased revenues and helped balance the budget, more importantly it disciplined financial and economic work and helped straighten out party and social conduct even further. Meanwhile, it should also be pointed out that attention should be directed to certain problems in the implementation of the 1985 state budget. We should continue to analyze the situation, sum up our experiences, and improve our financial management so as to bring sounder economic growth and ensure the normal progress of economic reform. He said: The draft 1986 state budget presented by the State Council is a budget of balanced revenues and expenditures. The financial and economic committee maintains that the draft is a proper one, and those changes and policies advocated in drawing up the budget are essential.

The financial and economic committee proposes the NPC approve the report on the implementation of the 1985 state budget and the draft 1986 state budget made by Wang Bingqian, state councillor and minister of finance, and approve the State Council's figures of the state's 1984 final account and the 1986 state budget. The committee also proposes that the NPC Standing Committee be authorized to approve the 1985 final account after it has been drawn up.

Wang Renzhong said: The financial and economic committee maintains that special attention should be paid to the following areas in fulfilling this year's financial and economic work: achieving an overall financial balance; continuing to control the scale of investments in fixed assets; pushing enterprises to achieve better economic returns, ensure revenue and continued stable growth, keep up with the new situation of reform, opening to the outside world, and enlivening the economy, fully utilize and develop the existing financial resources, and actively explore and create new financial resources; and taking effective measures to improve supervision over fiscal, credit and auditing matters in order to discipline financial and economic work, combat unhealthy economic practices, and carry forward the glorious tradition of plain living and building the country through thrift and hard work.

The Presidium meeting adopted the Financial and Economic Committee's report today. It also adopted a draft resolution on the implementation of the 1985 state budget and the 1986 state budget, and decided that after the meeting, the draft resolution will be printed out and distributed to all delegations for deliberation before being submitted to the full session for approval.

Zhao Ziyang, premier of the State Council, made a proposal to the Fourth Session of the Sixth NPC on the appointments of a vice premier of the State Council and a state councillor. Based on Zhao Ziyang's proposal, the meeting adopted a draft namelist of candidates for vice premier of the State Council and state councillor who it had decided to appoint. It decided to print out this draft namelist and distribute it to all delegations for discussion.

Because of the deaths of Shi Liang and Hu Yuzhi, vice chairmen of the NPC Standing Committee, and Wu Maosun, Chen Yongkan, Hua Luogeng, and Ma Bi, members of the NPC Standing Committee, the Presidium's permanent chairman proposed candidates for the additional vice chairmen and members of the NPC Standing Committee. The Presidium meeting adopted a draft namelist of candidates for the additional vice chairman and members of the Sixth NPC Standing Committee, and decided to print out the namelist and distribute it to all delegations for deliberation.

The NPC organic law stipulates that candidates for the constituents of the special committees of the NPC are nominated from among the deputies and approved by the NPC session. After hearing the explanation by Chen Pixian, the Presidium's permanent chairman, concerning the election of additional constituents of the special committees of the NPC, today's Presidium meeting adopted a draft namelist of candidates for additional vice chairmen and members of the special committees of the NPC, and decided to print out this namelist and distribute it to all delegations for deliberation.

In conclusion, Peng Zhen, chairman of the NPC Standing Committee, spoke at the meeting. He said: In the past few days, while deliberating the draft Seventh 5-Year Plan and Premier Zhao Ziyang's report, the deputies have offered many good suggestions and opinions, on the basis of which the State Council will make the necessary revisions and supplements to the report and the draft plan. Peng Zhen said: The formulation of the Seventh 5-Year Plan started with the CPC Central Committee making suggestions after extensively soliciting opinions. Based on the CPC Central Committee's suggestions, the State Council drafted the Seventh 5-Year Plan, which is now being discussed by the NPC before making a decision. This demonstrates the high-level of centralism based on the country's highly-developed democracy.

## Peng Zhen on Legal System

OW060937 Beijing XINHUA Domestic Service in Chinese 1426 GMT 5 Apr 86

[Text] Beijing, 5 Apr (XINHUA) -- Peng Zhen, chairman of the NPC Standing Committee, attended a meeting of the Beijing delegation to the Fourth Session of the Sixth NPC this morning and made an important speech concerning the Seventh 5-Year Plan, the legal system, and spiritual civilization. Comrade Peng Zhen is a deputy of the Beijing delegation.

Chairman Peng Zhen said: The draft plan on national economic and social development for the next 5 years submitted by Premier Zhao Ziyang to the current session is a good draft, produced as a result of repeated study by the party Central Committee and the State Council, reflecting opinions from all quarters. Judging from the deliberation by various delegations over the last few days, deputies have endorsed the draft plan. Of course, in order to implement the plan, there still are many questions that need to be studied and resolved. In my opinion, there are two economic questions: first, in accordance with the objective demand of socialized production, how to rationally distribute labor forces, funds, and means of production, that is, manpower, and financial and material resources; and second, how to rationally distribute means of subsistence according to the principle of to each according to his work. These questions can be resolved only by continuing study in the course of reform.

Chairman Peng Zhen said: Comrade Deng Xiaoping recently called for promoting national construction while building the legal system. This is an important instruction with which I agree. A socialist legal system with Chinese characteristics is needed to ensure the building of socialism with Chinese characteristics. As far as this question is concerned, the PRC Constitution and the CPC Constitution have made completely identical and clear provisions. The PRC Constitution stipulates that "people of all nationalities, all state organs, the Armed Forces, all political parties and public organizations, and all enterprises and undertakings in the country must take the Constitution as the basic form of conduct" and "must abide by the Constitution and the law," and that "no organization or individual may enjoy the privilege of being above the Constitution and the law." "All political parties" here include, of course, the Communist Party. The party Constitution stipulates that "the party must conduct its activities within the limits permitted by the Constitution and the laws of the state" and that party members "must conscientiously observe party discipline and state laws." In this way, our socialist democracy and legal system are ensured. Some people raise the question: "Which goes first, the PRC Constitution or the party Constitution?" In my view, the party guides the people in formulating the national Constitution and the law, it leads the people in observing and enforcing them, and it must act within the framework of the national Constitution and the law. Otherwise, there will be no socialist democracy or law to speak of in China.

Chairman Peng Zhen said: It is very important that Premier Zhao's report has stressed the necessity of building socialist material and spiritual civilization simultaneously. In building socialist spiritual civilization, it is necessary to achieve unity in thinking. Without unity in thinking, nothing can be accomplished smoothly. How can unity be achieved, and what should be the basis for unity? In my opinion, all citizens should achieve unity under the national Constitution, and all party members under the party Constitution and the national Constitution. These are provisions laid down by the party and the state. Many of you present today are Communist Party members. I wish to stress that the key to developing socialist democracy, perfecting the socialist legal system, intensifying the building of socialist spiritual civilization, and correcting unhealthy tendencies lies in the party. As you know, the prerequisite for joining the party is the willingness to "accept the party's program and Constitution."

The party Constitution stipulates that "the CPC takes Marxism-Leninism-Mao Zedong Thought as its guide to action." Unity in thinking of the party members must be based on the principles of Marxism-Leninism-Mao Zedong Thought, as well as on its stand, views, methods, and spiritual essence. In recent years, we have devoted our effort at restoring order and setting things right and have failed to pay due attention to the basic education on the party. As a result, some people went so far as to say that reform meant "de-Maoism" [fei mao hua 7236 3029 0553] and that study of Marxism-Leninism meant opposing reform. Such a view is, at least, a misunderstanding. As Lenin said long ago, the essence of Marxism means criticism and revolution. That is to say that it is necessary to transform one's subjective world and take the inevitable road of history in the course of transforming the objective world. In order to solve this problem, it is necessary to strengthen the party's basic education. With unity in thinking comes unity in action, and work in all fields can be done smoothly.

#### Economists Discuss Reform

HK051012 Beijing CHINA DAILY in English 5 Apr 86 p 4

[Capitalized Passage published in boldface]

[Text] THREE FAMED ECONOMISTS AMONG THE DEPUTIES TO THE NATIONAL PEOPLE'S CONGRESS (NPC) AND THE CHINESE PEOPLE'S POLITICAL CONSULTATIVE CONFERENCE (CPPCC) NOW IN SESSION PARTICIPATED IN PANEL DISCUSSION OF ECONOMIC REFORM FOLLOWING PREMIER ZHAO ZIYANG'S REPORT TO THE NPC.

Xue Muqiao said that, as the premier had pointed out, during the Seventh Five-Year Plan (1986-1990) new and old economic set-ups will co-exist and interact with each other. The transition is difficult and involves many twists and turns. The demise of the old and the birth of the new both take time. Problems can be solved only in the course of the reform. Xue observed that an economy is so complicated that the old cannot be turned into the new overnight. Quite likely, things will get out of control temporarily because of the loosening up of the old management while the new is settling in. The solution lies in improving the new, not in restoring the old, he said, although temporarily resorting to some old management methods may be necessary if there is serious disorder. The excessive extension of credit in the fourth quarter of 1984 is an example, he said. Strengthening of monetary management was used to reinforce the State bank's function as an economic regulator, not to weaken it.

Beginning with the second quarter of 1985, the bank reduced the funds available for loans. As a result, the excessively high growth rate of industry began to slow down, although last year's 18 percent was still a bit too high. When the industrial growth rate continued to decline in the first quarter of this year, some began to worry about a landslide. The bank responded by increasing circulating funds. The rate this year is expected to average to 10 percent, which is ideal, Xue said.

He said the root cause for an excessively high growth rate is the drastic increase of investment in fixed assets. To curtail production rather than investment in fixed assets would be simply putting the cart before the horse. It would further strain both the supply of productive means and the market. If the increase in consumer funds can be kept in proper proportion by the State plan while keeping industry operating at full capacity, the strain in the supply of productive means and on the market will be gradually eased. This, in turn, will not only ensure steady and harmonious growth of production but also create a favourable environment for economic reform. Now that the trend toward loose credit has been headed off, many enterprises are feeling a pinch of circulating funds. They should tough it out through such inevitable but minor difficulties. Otherwise, inappropriate increase in credit will create major disequilibrium in the economy.

Xue Muqiao said, I feel obliged to say that the bank was no doubt responsible for the excessive credit, but many others also share responsibility. They tried to outdo each other in building up their fixed assets, which put enormous pressure on the bank.

Wu Dakun said that the theory of a socialist commodity economy which was addressed by the premier in his report, accommodates two traditionally conflicting theories, planned and market economy. "This is a daring theoretical breakthrough," Wu said. Theoreticians previously held the former as socialist and the latter as capitalist, he said. This long confined the ideological imagination of Chinese socialist.

Wu's view was shared by many practical economic workers at the NPC session. One from Jiangsu Province, East China, said that China has launched several reforms before, but since they largely skirted around the problem of division of power between the central and local governments, they came to naught. He attributed this to negating the possibility of a market economy existing within a socialist economy and the ensuing effort to accommodate all economic activities in centralized plans and to implement these plans merely by administrative orders. He said that the current reforms have been turning various enterprises into relatively independent commodity manufactures and dealers, thus giving workers an incentive to produce more and utilizing the intrinsic energy of a socialist commodity economy.

Wu pointed out that the commodity economy China is developing differs from a capitalist commodity economy in that China's is based on public ownership and is planned on that basis. Public ownership Wu said, guarantees that small producers will be organized in socialist collectives to achieve common prosperity rather than risk bankruptcy.

Xu Dixin said China's new economic structure should involve eight aspects. "The first is separation of ownership of State enterprises from the right to use them," he said. This is aimed at turning them into real economic entities with full authority for management and responsibility for their profits and losses. The second centres on the law of value and the function of market force regulation. "This means the State should reduce mandatory quotas while expanding guidance so as to achieve a balance between production and demand," he explained. "The third involves a change from direct State control. Indirect control tools include taxes, prices, loans and credits, and interest rates," Xu explained, adding that education in legal and administrative measures and in socialist ethics are indispensable in this regard. "The fourth marks a shift from a closed type of economy to an open one," Xu said. The fifth covers expansion of association among enterprises and regions. This will speed production and commodity circulation. Such association among rural groups and individuals who have contracted land and businesses from the collectives is very likely to become a new form of co-operation, he said.

#### More Laws Being Drafted

OW041049 Beijing XINHUA in English 0933 GMT 4 Apr 86

[Text] Beijing, April 4 (XINHUA) -- China is presently drafting several economic laws, including the corporation law and the customs law, an official of the National People's Congress Standing Committee said here today. Gu Angran, deputy director of the Legislative Affairs Commission under the NPC Standing Committee, told a press conference here this afternoon that other laws being drafted are the state-owned industrial enterprise law, labor law, the maritime law, the bankruptcy law and the township-run enterprise law. "Next in line will be the copyright law and the technical contract law," he said, adding that the quickened pace of economic legislation is aimed at meeting the needs of the country's economic restructuring and the policy of opening to the outside world.

Over the past year, Gu recalled, the NPC Standing Committee has enacted seven laws, including the mineral resources law, the grassland law, the fishery law and the measurement law, as well as regulations concerning the entry and exit by foreigners, the exit and entry by Chinese citizens and identity cards. The three draft laws presently under deliberation at the NPC session have been closely examined and revised by the NPC Standing Committee, he explained. They are the General Principles of the Civil Code, the Law on Compulsory Education and the Law on Enterprises with Exclusive Foreign Investment. The NPC Standing Committee has also preliminarily gone over the draft land law and the draft regulations on maintaining public order, he added. "Since 1979, we have enacted, in addition to the Constitution, 47 laws and made 19 decisions on the revision of and supplement to existing laws and another 29 decisions on legal issues," he told Chinese and foreign reporters. These laws have laid a good foundation for improving China's socialist legal system, he noted.

Wang Hanbin on Civil Code

0W061203 Beijing XINHUA Domestic Service in Chinese 0840 GMT 2 Apr 86

[Excerpts] Beijing, 2 Apr (XINHUA) -- The Civil Code is one of the basic laws of the state and its formulation is a major event in building the state's legal system. This was pointed out by Wang Hanbin, secretary general of the NPC Standing Committee and chairman of the committee's Legislative Affairs Commission, when he explained the "General Principles of the Civil Code of the People's Republic of China (Draft)" at the Fourth Session of the Sixth NPC. It is of great significance in safeguarding the lawful rights and interests of citizens in civil activities, meeting the needs of carrying out the reform and the open-door policy, invigorating the economy, and stepping up the application of legal means to manage the economy and ensure the smooth progress of the drive for socialist modernization.

On the subject of the fundamentals and the areas covered by the General Principles of the Civil Code, he said: The Civil Code should reflect social and economic relations and its criterion is to manifest in a legal form the conditions of economic life of society. China's Civil Code is a socialist civil code that serves the economic base of socialism. The provisions of the General Principles of the Civil Code must be written by proceeding from the actual situation in China, giving expression to the socialist principles and studying new situations, problems and experiences arising from the efforts to carry out reforms and the open-door policy and invigorate the economy. They must provide the norms for everyone to observe in the course of civil activities. They must also embody the characteristics peculiar to China's socialist economy.

He said: It is stipulated in the draft that the Civil Code serves to adjust the property relations and personal relations between citizens, between corporate bodies and between citizens and corporate bodies as equal entities. The right of reputation, right of portrait and right of life and health of a citizen and the right of name and right of reputation of a body corporate, and so forth, should be protected not only by the Criminal Law but also the Civil Code. He said: Rights and obligations concerning civil affairs are the very essence of civil relations.

Regarding corporate bodies, Wang Hanbin said: The same as a person, a corporate body is also a principal entity to civil rights. A corporate body is an organization possessing the capacity for civil rights and civil acts and independently enjoying civil rights and undertaking civil obligations in accordance with the law.

All enterprises established in China that operate with joint Chinese and foreign investments, as a joint Chinese and foreign venture or as a foreign-owned venture can acquire the status of a corporate body in China if they meet the qualifications of a corporate body, have the approval of the responsible organs in China, and register with the registration organ for corporate bodies.

Speaking about civil rights, Wang Hanbin said: The civil rights of a citizen and a corporate body mainly include property ownership, creditor's rights, authorship rights (copyright), patent rights, trademark rights and other knowledge ownership rights and personal rights. It is stipulated in the draft that the lawful rights of a citizen and a corporate body are protected by law and cannot be violated by any organization or individual.

Wang Hanbin also gave concrete explanations with regard to the application of the law in civil relations involving foreigners.

In conclusion, Wang Hanbin said: The draft provides that the people's congresses in nationalities' autonomous areas may -- in accordance with the principles laid down in this code and in connection with the characteristics of their local nationalities -- draw up separate and adapted or supplementary regulations and rules.

#### Zhang Youyu on Civil Code

0W051225 Beijing XINHUA Domestic Service in Chinese 0733 GMT 4 Apr 86

[Newsletter by XINHUA reporter Li Shangzhi: "The Basic Civil Law of China at the Present Stage -- Jurist Zhang Youyu on the General Principles of the Civil Code"]

[Excerpts] Beijing, 4 Apr (XINHUA) -- "What is the Civil Code? What are the General Principles of the Civil Code? What is the status of the General Principles of the Civil Code in China's laws? What roles do these principles play? What are their characteristics?"

At the Fourth Session of the Sixth National People's Congress, Jurist Zhang Youyu, vice chairman of the Law Committee of the NPC Standing Committee, answered these question from reporters. The public is interested in these questions. The 87-year old jurist said: "The civil law is the most important basic law, indispensable to all modern countries. In China, the civil law serves to adjust the property and personal relationships between citizens, between corporations and between the citizen and the corporation, all being principals of equal status." He explained: A complete civil law, which is also called a civil code, generally includes general principles and special provisions. In our country, conditions are still lacking for formulating a civil code. Therefore, the General Principles of the Civil Code are drafted first.

Zhang Youyu said: In 1979 the legal affairs committee of the NPC Standing Committee set up a civil law drafting subcommittee, which successively prepared four drafts. However, since the civil law was a widely-involved and extremely complex matter, and we lacked experience when economic restructuring had just begun, we could only go on drafting the civil code while promulgating and enforcing some parts as separate laws, parts which were urgently needed and comparatively better prepared. They are the economic contract law, the law of economic contract with a foreign partner, the patent law, the trademark law, and the inheritance law and other separate civil laws prepared in the past few years. We also revised the marriage law of the 1950s. However, these separate laws make no stipulation about a number of common problems and norms, and occasionally are not conducive to taking civil disputes, because these laws overlap and contradict each other.

Zhang Youyu pointed out: To solve these problems, it is good to first formulate the General Principles of the Civil Code to set out the basic regulations to be followed in the implementation of separate laws in lieu of promulgation of the Civil Code.

Showing the draft law [General Principles of the Civil Code] of 9 chapters and 156 articles to reporters, Zhang Youyu explained: "The so-called common problems are merely such things as the legal status of the citizen and the corporation, civil-rights and civil-action liability, acts in law, proxy, civil rights, civil responsibility, prescription, and so on. The draft contains stipulations on all these. In this sense, the General Principles of the Civil Code have the same status as the Civil Code." He added: Satisfying the needs of reform, opening to the outside world, and invigorating the domestic economy, the General Principles of the Civil Code play an important role in promoting the use of legal means to manage the economy, and in facilitating the four modernizations drive. Zhang Youyu said: In both content and form, the General Principles of the Civil Code have intrinsic Chinese characteristics. Zhang Youyu held: The draft General Principles of the Civil Code have been submitted to the NPC Congress for deliberation. If approved by the Congress, they will greatly help promote our socialist modernization program.

#### Deputies on Foreign Enterprises Law

OW061213 Beijing Domestic Service in Mandarin 1200 GMT 5 Apr 86

[Excerpt] Deputies attending the Fourth Session of the Sixth NPC continued their group discussions today to deliberate the draft General Principles of the Civil Code, the draft Law on Compulsory Education, and draft Law on Enterprises With Exclusive Foreign Investment, as well as the work report of the NPC Standing Committee.

Song Rufen, vice chairman of the Legislative Affairs Commission of the NPC Standing Committee, said in an interview with this station's reporter: Formulating the Law on Enterprises With Exclusive Foreign Investment is dictated by the need of our nation to open to the outside world, and expand economic cooperation and technological exchanges. Some people may say that in opening to the outside world, it is enough to have Sino-foreign joint ventures and cooperative enterprises, and ask why it is necessary to allow foreign investors to set up wholly-owned enterprises. This is because our nation is still at the initial stage of utilizing foreign capital. It has been proven through practice in recent years that these three forms of utilizing foreign capital each have their own important functions under different circumstances.

Xiang Nan, deputy from Fujian Province, said: The general principle of the Law on Enterprises With Exclusive Foreign Investment should be to encourage foreign firms to bring in capital and advanced technology. Too many restrictions will lower the interest of foreign firms. Encouraging foreign-funded enterprises to adopt advanced technology and equipment is a general direction, but it takes time. At present, we should be realistic and allow the establishment of foreign-funded enterprises requiring intensive labor, and then gradually transform them into enterprises requiring intensive knowledge and technology.

#### Lin Jiamei on Education

OW051626 Beijing XINHUA in English 1430 GMT 5 Apr 86

[Text] Beijing, April 5 (XINHUA) -- Lin Jiamei, wife of China's President Li Xiannian, called for concerted efforts by the whole of society to make nine-year compulsory education a success.

A veteran child-care worker, Lin Jiamei said at a panel discussion of the current session of the National People's Congress today that promoting nine-year compulsory education among the nation's one billion people needs the efforts of the government, all organizations and all families in China. For example, writers, artists, journalists and scientists should create better works for children, and workers should produce attractive products. Retired officials, workers and teachers should also help train youngsters.

She noted the difficulty of bringing universal education in the countryside. She hoped rural families would strive to create favorable conditions for education of their children. It is necessary to consider various difficult factors and adopt effective measures to solve them in implementing the law on compulsory education, which is vital for China's future and the cultural proficiency of the nation, said Lin Jiamei, an NPC deputy and advisor to the China children's development center.

Talking about the feudal idea regarding boys as superior to girls, she said that is was a misunderstanding to think that illiteracy does not matter for girls simply because their roles are domestic ones. On the contrary, the intelligence and quality of coming generations depend heavily on mothers who are the first teachers of children. "How can illiterate mothers educate their offspring well? The situation must change", she said. In her view, the law on compulsory education has offered new opportunities and provided lawful guarantee for education of children, especially rural girls. She stressed the importance of inculcating the new law among the people. If they understand that education will be good for the children, for the family as well as for the country, the parents and guardians of children will be only too keen to create the conditions for their education.

She also called for more care and support, including increase of funds, facilities and teachers, for education of the blind, deaf and mute, mentally handicapped, and other handicapped children.

As some regions have instituted five-year primary schooling and three-year junior middle schooling, She suggested to have one year of pre-school education "with music, painting and other subjects to arouse children's early interest in nature," she said. She also suggested that Shanghai and other developed areas enrich the content of compulsory education and raise teaching quality at the same time as less-developed areas are making compulsory education universal.

#### Panel Discussions View Education

0W050810 Beijing XINHUA in English 0750 GMT 5 Apr 86

[Text] Beijing, April 5 (XINHUA) -- The government will spend more than one billion yuan over the next five years on establishing compulsory education in economically underdeveloped areas, a Chinese official said here today. During the panel discussions at the current National People's Congress session, to which a draft Law on Compulsory Education has been presented, Liu Bin, vice-minister of the State Education Commission, asked authorities at all levels to take steps to support elementary education in poorer areas often inhabited by ethnic minorities. Liu, who has responsibility for elementary education, said that China first began promoting the concept of education for all in 1951. But, he admitted, it has not fully materialized. In addition to political problems and fund shortages, he said, the major reason for this was the lack of a law to enforce the program. The new law, when passes, would guarantee that education was included on the agendas of authorities at all levels, and serious consideration would therefore be given to the provision of funds, materials and teachers.

Liu Bin, 48, a former headmaster from Jiangxi, said, "The amount of money allocated to primary schools is usually too small to meet their needs." Funds and facilities were vital to the establishment of nine-year compulsory schooling for all children. The draft law provided for a growth rate of educational funds higher than the country's overall economic growth rate, and for the average amount of money spent on each pupil to be gradually increased. "Our key task over the next five years is to train an army of qualified teachers," he said. "It will take five to seven years to train enough teachers for the program."

#### Ni Zhifu Meets Hong Kong Delegates

OW041741 Beijing XINHUA in English 1517 GMT 4 Apr 86

[Text] Beijing, April 4 (XINHUA) -- Ni Zhifu, president of the All-China Federation of Trade Unions, met and gave a banquet today for some delegates and members from Hong Kong and Macao who are here for the Fourth Session of the Sixth National People's Congress and the National Committee of the Chinese People's Political Consultative Conference. Among the participants were Yang Kuang and Poon Kwong-wai, president and chairman of the Hong Kong and Kowloon Federation of Trade Unions, and Tang Xingqiao, director of the Federation of Trade Unions of Macao.

#### 5-YEAR PLAN HIGHLIGHTS, PART SEVENTEEN -- HEALTH

OW030828 Beijing XINHUA in English 0818 GMT 3 Apr 86

[Text] Beijing, April 3 (XINHUA) -- The following are some health statistics released in the draft of the Seventh Five-Year Plan (1986-1990):

- Eighty percent of the 800 million Chinese rural residents should have access to clean drinking water by 1990.
- The national immunization rate is expected to exceed 85 percent in 1990.
- There will be an increase of 400,000 hospital beds over the next five years.
- There will be an increase of 770,000 professional health personnel in the five years, including 560,000 doctors of both traditional Chinese and Western medicine.

#### Part Eighteen -- Population

OW030908 Beijing XINHUA in English 0859 GMT 3 Apr 86

[Text] Beijing, April 3 (XINHUA) -- Following are population statistics from the draft of the Seventh Five-Year Plan (1986-1990):

- The total population of the Chinese mainland will be kept at within 1,113 million at the end of 1990.
- The natural average growth rate will be limited to around 12.4 per thousand a year.

#### Part Nineteen -- Housing

OW030920 Beijing XINHUA in English 0821 GMT 3 Apr 86

[Text] Beijing, April 3 (XINHUA) -- Following are statistics on housing as contained in the draft of the Seventh Five-Year Plan (1986-90):

-- 3,000 million square meters of new housing will be built in rural areas over the next five years.

-- 650 million square meters of new housing will be completed in cities and towns during the same period.

-- By 1990, cooking gas will be available in 40 percent of urban families; each urban resident will have an average of four meters of public green space.

#### Part Twenty -- TV, Films

0W030928 Beijing XINHUA in English 0837 GMT 3 Apr 86

[Text] Beijing, April 3 (XINHUA) -- The following statistics on television and the motion picture industry came from the draft of the Seventh Five-Year Plan (1986-1990).

-- Seventy-five percent of all Chinese will be able to pick up television programs by 1990.

-- 80 percent of the population will have access to broadcasting programs by then. This means broadcasting services will be available in almost every village, except those in sparsely-populated outlying areas.

-- China plans to produce 130 feature films a year by 1990.

#### Part Twenty-One -- Education

0W031012 Beijing XINHUA in English 0850 GMT 3 Apr 86

[Text] Beijing, April 3 (XINHUA) -- China will spend 72 percent more on education over the next five years than during the previous five years, according to the draft Seventh Five-Year Plan (1986-90). The expenditures will total 116.6 billion yuan during the 1986-90 period. The nine-year compulsory educational system will be introduced gradually during the same period. By 1990, primary school education is expected to be in the main universal across the country and junior middle school education universal in cities and economically developed areas.

Regular colleges and universities will enroll 750,000 students in 1990, a 21 percent increase from last year; and 55,000 postgraduates, up 17 percent. The institutions of higher learning will turn out 2.6 million graduates and 180,000 postgraduates over the next five years. Meanwhile, colleges for adults will train another 2.1 million specialists, 2.5 times as many as during the previous five years. In 1990, vocational secondary schools are expected to recruit 3.6 million students, up 65 percent from 1985. Nearly 10 million graduates will be turned out during the five-year period, an increase of 110 percent from the previous five years.

#### CPPCC SESSION HOLDS FOURTH MEETING 5 APRIL

0W052216 Beijing XINHUA Domestic Service in Chinese 1224 GMT 5 Apr 86

[Text] Beijing, 5 Apr (XINHUA) -- The Fourth Session of the Sixth CPPCC National Committee held its fourth meeting this afternoon at the Great Hall of the People during which members continued to deliver speeches.

Addressing today's meetings were CPPCC members Wu Daguan (on behalf of Shen Zuixian), Wang Youhui (on behalf of Wang Xujie), Yao Xueyin, Ma Dayou, Zheng Xiaoxie, Chen Xian (on behalf of Zhong Shitong, Qu Mianyu, Zheng Minzhi, and Weng Qingzhang), Du Tong, Wang Kuancheng, Huang Daneng, Ma Jianyou, and Zhang Chengzong.

In their speeches, they expressed their views on developing China's air transportation; cultivating woody plants in the production of grain and oil-bearing crops; paying attention to ideological and cultural work, to social ethics, and to urban construction in the capital; vigorously promoting sports; popularizing new construction materials; and making more friends overseas. Members who submitted written statements to the meeting included Luo Yunzheng, Tan Yizhi, Xu Shigao, Chen Hui, Chen Hankui, and Xia Bengying.

Today's meeting was presided over by Vice Chairman Kang Keqing, Deng Zhaoxiang, and Zhao Puchu of the CPPCC National Committee. Vice chairmen who attended today's meeting includei Yang Jingren, Liu Lantao, Pagbalha Geleg Namgya, Yang Chengwu, Chen Zaidao, Lu Zhengcao, Burhan Shahidi, Fei Xiaotong, Qu Wu, Ma Wenrui, and Liu Jingji.

#### Healthy Cultural Atmosphere Urged

OW051316 Beijing XINHUA in English 1257 GMT 5 Apr 86

[Text] Beijing, April 5 (XINHUA) -- China should create "a cultural atmosphere and a psycho-cultural environment" that are harmonious with its modernization program, a literary researcher said here today. "The modern socialist country the Chinese people are building should be an open, dynamic society," Liu Zaifu, a member of the Chinese People's Political Consultative Conference (CPPCC), told a CPPCC plenary meeting. For this reason, cultural work should be conducive to the promotion of the country's reforms and the policy of opening to the outside world, said Liu, an associate research fellow of the literature institute of the Chinese Academy of Social Sciences. He added that it should also help stimulate the vitality of the whole society, and cultivate people's "consciousness of modernization".

Liu is one of the 20 CPPCC members who aired views on the execution of China's Seventh Five-Year Plan at plenary meetings held this afternoon and yesterday afternoon. In his speech, Liu suggested that more concert halls, art galleries, museums and other cultural venues be built to enrich people's cultural life and avoid what he called the "possible emergence of a cultural vacuum". He stressed the importance of building "cultural facilities for fostering children's appreciation of esthetics", noting that such facilities are too few at present. He also called for improvement of and guidance for cultural work, particularly rural cultural activities including recreational festivals. "China should organize international cultural festivals to promote cultural exchanges with other countries," he told the meeting.

In his speech, writer Yao Xueyin expressed the hope that the central authorities would promptly formulate guidelines for the ideological and cultural fronts. "China's socialist culture ought to battle both feudal dross and decadent capitalist culture," he said. "Our culture should strike roots in the thick national soil and serve the needs of the broad masses." He said that the country's literature and art should cover subjects which interest the people in forms they can accept, adding: "They should help cultivate a healthy taste in entertainment." Yao called for opposing the practise of creating works which pander to the depraved tastes of the minority, simply in order to make money.

Other CPPCC members aired their views and put forward suggestions on economic reforms, and reforms in other areas such as science and technology, personnel training, public health and urban construction. They are experts and scholars in the fields of industry, agriculture, science, education and public health.

CHINA DAILY COMMENTATOR EXAMINES FUTURE REFORMS

HK040753 Beijing CHINA DAILY in English 4 Apr 86 p 4

[Commentator's article: "Looking Forward"]

[Text] The ongoing sessions of the National People's Congress (NPC) and the Chinese People's Political Consultative Conference (CPCC), have made much favourable comment on Premier Zhao Ziyang's report on the economic and social development programme for the next five years, the 1986-90 Seventh Five-Year Plan. This is not merely because the proposed plan came out of three years of careful preparation. More important, it has articulated the understanding of the nation's present and future by the leadership, and its realistic work style.

The most distinctive feature of the new development strategy is that it is a good combination of foresight as to how to eventually attain the goal of building a socialist system with China's own characteristics and concern over the economic and social growth in the next five years. According to the nation's long-term goal, when the public sector still remains predominant, the government's economic plan will be enforced mainly be using economic levers instead of direct administrative orders. This will be coupled with a lively unified socialist market. When this major reform is completed, the economy and the quality of the people's lives will have improved substantially.

It should be noted that efforts will be devoted to keeping the growth rate somewhat slower than in the 1981-85 Five-Year Plan, although the proposed growth rate is good enough. The aim is to bring society's demands more in line with supplies.

Agriculture will stress using new techniques and investing in the farm infrastructure. Industry will be urged to handle capital investment well and raise technical standards. Science and education will get more support than ever. Export earnings will be ploughed back mainly into imports of advanced technology. Improvement of the people's living standard must not exceed production growth. All these will contribute to a more relaxed economic situation so that the current reforms, now in a crucial stage, can proceed successfully and bring about greater changes in the economic structure.

On the other hand, the reforms will grant nearly all State-run enterprises adequate decision-making power and make them entirely responsible for their profits and losses. According to the premier, they will become socialist manufacturing and commercial businesses. The socialist market will be broadened to cover more consumer and producer goods, gradually include finance and technology. Personnel transference will be encouraged. The government will manage the national economy by improving its economic policies, arranging for co-ordination, and using the leverage of prices, taxation, credits, interest rates, exchange ratios and wages. These reforms will enable the State-run enterprises to use their decision-making power responsibly, bring on an environment that will provide them motivation as well as challenge, and ensure that enterprises will react properly to the government's macro-economic management.

China faces a long and arduous road of development. The new Long March to modernization has just begun. It is therefore necessary to show sufficient concern for its long-term goals when planning for the near future. It is thus expected that economic growth in the next five years will lead to greater growth, both sustained and balanced, well into the decades ahead. The success of the entire programme is attainable, as pointed out by the premier, so long as the nation continues to follow its present course.

By carefully scrutinizing the programme, the NPC, the highest decisionmaking body in the People's Republic, is expected to strengthen it and bring about a still more successful integration of the nation's aim to develop, its determination to reform, and its interests in the future.

JINGJI RIBAO STRESSES CHECKING UNHEALTHY TRENDS

HK041014 Beijing JINGJI RIBAO in Chinese 22 Mar 86 p 1

[Editorial: "The Reason for Correcting Unhealthy Trends Is To Better Carry Out Reform"]

[Text] Recently, the party central leadership adopted a series of effective measures to straighten out party style. Some major and serious cases which remained outstanding for a long time have been rapidly handled, and various unhealthy tendencies have been effectively checked. This development is welcomed by cadres and the general public. This has made people more confident in bringing about a fundamental turn for the better in our party style and public conduct.

However, when we seriously correct various irregularities and severely punish the criminal offenders, some comrades have confused ideas or doubts. They may ask: Is there any relationship between the unhealthy tendencies and the policy of reform and opening up? To answer this question in a dialectical materialist sense by means of combining theory with practice, we can promote ideological unity and gain a correct understanding, thus encouraging cadres and ordinary people to more consciously participate in reforms and make greater contributions to the cause of the four modernizations.

We should say that reforms and opening up measures in recent years have in fact promoted an improvement in our party style. A correction of the unhealthy trends will in turn provide a better social environment for the healthy development of reforms and opening up. The two sides complement each other. However, some comrades attribute the unhealthy tendencies which have appeared in recent years to reforms and opening up measures. They say: "Reform not only makes the economy prosperous, but also causes unhealthy tendencies." It is obviously incorrect to attribute the unhealthy tendencies to reforms and opening up measures.

Admittedly, some irregularities and lawbreaking activities became rather serious for a while inside the party and in society over the past 2 years. However, we cannot conclude that the bad things in our social life are all due to reforms and opening up measures. Such misdeeds as using official positions and power to seek private gains, giving and taking bribes, and doing speculative business, as well as other lawbreaking activities, have long existed in our social life and are nothing new. In pursuing the policy of opening up to the outside world and enlivening the domestic economy, our country in recent years has developed a planned commodity economy, superseding the old system with a new system. This has profoundly changed people's attitudes. People in general have strengthened their sense of responsibility and have become more dedicated toward their work; they are more enthusiastic about studying, expanding their knowledge, and mastering new technologies; they are becoming more and more conscientious in raising the efficiency and quality of their work; they have gained a better understanding of democracy and the legal system; and a new and vigorous situation has been brought about. This shows that reforms have had a positive role in promoting the improvement of party style and public conduct and in promoting the development of spiritual civilization. This is the main stream of things. On the other hand, in the process of this great change, because the old system is still functioning, the new system has not been completely and perfectly built, the legal system is still not sound enough, and people's thoughts have not been completely adapted to the changed conditions.

All this will inevitably leave some gaps or loopholes. This makes it possible for law-breakers to do evil things and line their own pockets in the name of reform, thus harming the interests of the state and the people. Evil things from the old society may reappear. We should also realize that the policies and measures for reform and opening up also need to be further improved and amended in the course of practice. It is a matter of course that there may be problems and shortcomings in reforms. Such things cannot be regarded as unhealthy trends, and it is incorrect to equate reform problems with unhealthy tendencies, or to mix them up. The purpose of reform and opening up is to remove defects in the superstructure -- those which are not in line with our economic foundation -- and to perfect and develop the socialist system. In a certain sense, economic structural reforms will close the loopholes in various systems. Therefore, the process of reform and opening up is also a process of correcting unhealthy tendencies.

Some people believe that the correction of unhealthy tendencies may hinder implementation of the basic national policy of reform and opening up. Their worries are not completely unwarranted. If we do not proceed realistically in the course of correcting unhealthy tendencies, letting "leftist" ideas and traditional habits revive, or if we judge right and wrong merely according to our personal feelings and do not correctly distinguish problems of different characters or correctly implement policies, or if we cannot correctly treat errors and problems which are unavoidable in the course of reform and innovation, then there will indeed be a possibility that the process of reform and opening up is retarded or hindered. Therefore, when resolutely correcting unhealthy tendencies, the party central leadership has also laid down a series of clear principles and policies. So long as we strictly implement these principles and policies, we will be able to correct the unhealthy tendencies, overcome negative things, and remove the obstacles to our reform and opening up. Our reform needs a fine economic environment as well as fine social environment. If we allow irregularities and law breaking activities to spread unchecked, we will fail to maintain the good situation of unity and stability and will fail to carry forward the reforms. Therefore, we must carry out the central policies in a down-to-earth manner and unswervingly carry out reforms while at the same time adopting various economic, legal, and administrative means to check the irregularities. Our work in these two fields will promote each other, and we will certainly succeed in realizing the four modernizations and developing our economy.

#### XUE MUQIAO ON RECENT ECONOMIC DEVELOPMENT

HK040404 Beijing LIAOWANG in Chinese No 12, 24 Mar 86 p 9

[Article by Xue Muqiao: "Heart-Stirring Statistics"]

[Text] The communique on 1985 national economic and social development announced by the State Statistical Bureau on 1 March revealed inspiring figures. At a time when the economic situation in most of the countries in the world is gloomy, China's economic situation is as good as a clear and boundless sky, presenting a scenario of prosperity. For several years after the 3d Plenary Session of the 11th CPC Central Committee (1979-84), China maintained speedy and sustained economic development. Its gross industrial and agricultural output value increased at an annual rate of 11.5 percent. In 1985, it rose by 16.4 percent and its industrial output value increased by 18 percent. This superhigh speed has not been witnessed for many years. However, there were also some unstable factors in this respect. In the preface I wrote for the "China Economic Yearbook" in May last year, I said: "Planning for industrial production is to increase by 7 percent. The figure may reach 12 percent." From January to April last year, the rate of increase of China's industrial production reached 22 to 24 percent. This was the result of the loss of control over bank loans which began in the fourth quarter of 1984. Such rates of increase should not be maintained for long.

So in the second quarter of last year, we began to reduce bank rates. In the fourth quarter of last year, China's industrial increase rate dropped to about 10 percent. But taking last year as a whole, the rate was still too high, and there was a need to reduce it a little. Last year, although energy production markedly exceeded the state plan, with coal, oil, and electric power increasing by about 8 percent, the rate of increase was still lower than that of industrial production. As a result, energy, steel (with rate of increase of 9 percent), and other raw materials were in short supply, and difficulties arose in communications and transportation, to such an extent that they were hard to tackle. Such shortages should not be allowed to continue for long. The rate of increase of industrial production gradually fell last year. If we can maintain a stable rate of increase in industrial production this year, with a gradual increase over last year, we will probably be able to achieve an annual rate of increase of about 12 percent, which is basically equal to the average rate of increase between 1979 and 1984. This is the most ideal rate of increase. Of course, great efforts are required in this respect. We should maintain a normal and appropriate rate of increase during the Seventh 5-Year Plan period.

Last year, agricultural production increased by 3 percent. This was the result of serious floods and drought. What merits attention is that grain output dropped by 7 percent as compared with that in the bumper harvest year of 1984, and that cotton production dropped by 33.7 percent. Apart from being affected by floods and drought, the above decreases in production were the result of our planned readjustment of the product mix. In 1984, as grain output exceeded demand, there were large stocks of grain. Grain output in 1985 was still close to that in the bumper harvest year of 1983, and was basically in balance with demand. With the amount of grain stored last year, we can fully guarantee grain supplies for the market. From 1983 to 1984, cotton was seriously overstocked. This required us to reduce cotton production by a large margin. With the reduction of cotton output by a large margin, we can still ensure market supplies. Owing to the readjustment of the production structure, agricultural and animal husbandry products have rapidly increased. This change corresponds to the requirements of the state plan. Of course, reduction of grain output should not be treated lightly. This year, we should stop reducing grain output, and we had better maintain it at the 1984 level.

Last year, because of the relaxation of control over the prices of nonstaple foods and the loss of control over consumption funds, prices rose too sharply. The retail prices of consumer goods throughout the country rose by 8.8 percent, and the prices of consumer goods in cities and towns went up by 12.2 percent. As price rises mainly affected nonstaple foods, the percentage rise was a little higher in large and medium-sized cities and was a little lower in small cities and market towns. In small cities, the prices of nonstaple foods rose by 5.4 percent, but as the state provided the people with subsidies to cover their living expenses resulting from the increased prices, their standard of living did not fall because of price rises. With the slight increase in supply, the average wages of workers and staff members, after deducting the price rise factors, rose by 4.7 percent. Of course, as different families have different earnings and different numbers of family members, the increases in their incomes varied, some a little higher and some a little lower. The standard of living of a small number of people (such as retired old workers living on pensions) might possibly have dropped. However, the state has provided subsidies for various parts of the country.

Now the people are deeply worried by price rises. Last year, the relaxation of control over the prices of nonstaple foods resulted in price rises, but this step ensured a constant increase in the supply of nonstaple foods and will enable the people to shift their livelihood from the level of just having enough to eat and wear to that of being well-off. We should also pay attention to the loss of control over consumption funds.

Consumer goods in the market increased by 14 percent in 1984, but wage funds increased by about 28 percent, which led to a shortage in market supply. This is one important reason why price rises were excessive. Essentially, price rises counteracted the result of the increase in wage funds. Last year the wage increase was a little higher than the increase in the supply of consumer goods. This year, we estimate that prices will remain basically stable (as compared with those in the fourth quarter of last year), with a slight upward tendency. The 800 million peasants are satisfied with the price adjustments, but the 80 million staff members and workers have complaints about prices and their wages. We should understand that these two factors are contradictory. To stabilize prices, we must control wages and bonuses, as excessive increases in wages and bonuses will make it difficult to maintain price stability.

RENMIN RIBAO URGES STUDENTS TO STUDY 'REALITIES'

HK041020 Beijing RENMIN RIBAO in Chinese 1 Apr 86 p 1

[Commentator's article: "An Important Way To Learn"]

[Text] Several months ago, 80 students from 4 military medical universities went to learn on the job on the Yunnan front. During the winter vacation, the Beijing Municipal CYL Committee organized some college students to join a study tour to the Laoshan front, oilfields, factories, and research bases. Through contacting fighters, workers, peasants, scientific and technological personnel, and soical realities, these college students have gained a lot, in ideology in particular. Many of them have found a correct answer to what is meant by "the value of life." Some students said, with deep feeling: "We must not confine ourselves to our own interests and must increase our sense of responsibility toward society."

While studying at school, students should of course regard normal studies within the school and studies of books as the most important aspect of thir lives. However, it is beneficial and necessary for them to seize various opportunities to understand society, to learn from realities, and to learn from the masses. College students today are quite young. They usually lack experience in social practice since their activities are often confined to their homes and schools. It is also difficult for them to understand thoroughly and comprehensively some theoretical knowledge in books. In this way, they may not be familiar with society; some of their views are often impractical and even biased. We must also understand that at present, and even for quite a long time to come, it is impossible for all graduates from schools at various levels to enter schools at a higher level. Much less is it possible for all students to become masters and doctors. No matter at what level one completes an education, he eventually has to take part in social practice, and such practice is extremely necessary for training any kind of qualified personnel. Therefore, while working hard to acquire knowledge from books, youths and students must pay attention to strengthening their ties with social realities and going to study in the big classroom where the masses practice. By coming into contact with social realities, youths and students can correctly understand our times, analyze the situation, and understand the overall situation. Carrying out reforms, for example, is the most important task of millions upon millions of people in our country at present. It is the most magnificant cause of our times. To carry out reforms, we must have a pioneer spirit and explore, even though we are bound to suffer some setbacks. Due to various historical and current factors, we will still meet with some obstacles in carrying out reforms. However, reforms accord with the aspirations of the people and are inevitable in history. To carry our reforms is a major, irreversible trend. This historical aspiration is demonstrated by the enthusiastic and energetic practice of the masses. In addition to studying in the classroom, youths and students must plunge into the current of reforms carried our by the masses before they can feel the rapid pulse of our times, correctly see the general orientation, and remain unruffled despite various kinds of interference.

College students in the capitals who have taken part in social practice have gained a good understanding of this. Through taking part in social practice, students have also replenished and transformed themselves. They have come to understand the pursuits and aspirations of the people, heard the call of the motherland and the times, and realized the arduous and great historical task they are to fulfill. These have helped the youths and students in fostering a revolutionary outlook on life and in correctly handling the relationship between personal ideals and the needs of the country and between personal interests and those of the country. At a time when the masses of people are waging a fiery struggle for the motherland's prosperity and the people's happiness, displaying their spirit of dedication, if any person stresses only his own desires, seeks better welfare and remuneration for himself, is not willing to go to where the country needs him most, or does not have a correct assessment of himself, departs from the needs of society and the time, and hankers after "self-design" and "self-realization," how narrow-minded and paltry he is! Youths who are in step with the masses will never regard selfish gains as the lofty aspirations of the people!

The practice of the masses is a great and lively classroom in which a colorful and brilliant history is being created. We hope that more youths and students can get good results by studying this course. We also hope that schools, families and various quarters of society will encourage and support students in making use of various opportunities, such as practice in production work, social observations, investigations, military training, and so on, to get good results in studying this course.

#### CUSTOMS OFFICIAL URGES CURBING PARALLEL GOODS

HK030639 Beijing ZHONGGUO XINWEN SHE in Chinese 0854 GMT 2 Apr 86

[Text] Beijing, 2 Apr (ZHONGGUO XINWEN SHE) -- In view of the fact that more authorized export units are now involved in the export of "parallel goods" within their scope of business, Dai Jie, director of the General Administration of Customs urged foreign trade companies throughout China to take the lead in curbing such practices.

Dai Jie said: According to a survey conducted by a joint investigation group under the Ministry of Foreign Economic Relations and Trade, "parallel goods" exported to Hong Kong and Macao can be divided into five categories, namely, commodities exported by units without the power to operate import and export trade; commodities exported by authorized import-export units beyond their scope of business; commodities listed in the state's mandatory plan or subject to quota control and commodities recklessly exported without quotas or exported beyond quota; commodities exported in violation of the provisions of the export license issued by the state; and commodities smuggled out of the country by various means. Dai Jie said: Since the state has exerted control over 235 commodities exported to Hong Kong and Macao by practicing the quota-license system, customs offices in various places have rigorously enforced customs regulations and confiscated large amounts of "parallel goods" exported to Hong Kong and Macao by illegal means in evasion of state control. The export of these "parallel goods" has seriously jeopardized the country's export trade. JINGJI CANKAO, published by XINHUA AGENCY today, reported Dai Jie's remarks on "parallel goods."

#### LI PENG PRAISES NANKAI UNIVERSITY FOUNDER

OW051910 Beijing XINHUA in English 1849 GMT 5 Apr 86

[Text] Tianjin, April 5 (XINHUA) -- Noted patriotic educator Zhang Boling's 110th birth anniversary was marked at a meeting here today.

Vice-Premier Li Peng joined the more than 400 people at the meeting sponsored by the National Committee of the Chinese People's Political Consultative Conference (CPPCC) and the State Education Commission. Vice-Chairmen of CPPCC National Committee Qian Changzhao and Zhou Peiyuan were also present. Deng Yingchao, chairman of CPPCC National Committee, sent a basket of flowers, and Yan Mingfu, head of the United Front Work Department of the Communist Party Central Committee, sent a message to the meeting.

Zhang (1876-1951) established Nankai Middle School, Nankai University, Nankai Girls' Middle School, Nankai Primary School, Chongqing Nankai Middle School and the Economic Research Institute and the Applied Chemistry Research Institute of Nankai University.

In his speech, Li Peng paid high tribute to Zhang's lifelong dedication to modernizing China's educational system, calling him, a person with the lofty ideal of saving China through education. People of later generations will never forget his spirit of hard struggle in striving for national rejuvenation, he said. His educational accomplishments are an important heritage, Li said. Following in his tradition, Nankai University trained numerous scientists, educators, artists and other talented people, including the late Premier Zhou Enlai. The vice-premier urged Zhang's friends and students in Taiwan and overseas to work to fulfil Zhang's wish and contribute to the exchanges in the cultural, education and economic fields on both sides of the Taiwan Straits and to the reunification of the motherland.

Nankai University hosted a symposium on Zhang's education theories and a photo exhibition on his life today. Li Peng, Qian Changzhao and Zhou Peiyuan unveiled a bronze bust of the educator, which was paid for with funds raised by the 1980 graduates of Nankai University.

#### XI ZHONGXUN, OTHERS ATTEND 3 APRIL PARTY

OW041237 Beijing XINHUA Domestic Service in Chinese 1511 GMT 3 Apr 86

[By reporters Hadir Mamut and Li Anding]

[Text] Beijing, 3 Apr (XINHUA) -- The foundations and the colorful lanterns have turned the Beijing Nationalities Cultural Palace into a fairy palace. More than 500 representatives and members of minority nationalities currently attending the Fourth Session of the Sixth NPC and the Fourth Session of the Sixth CPPCC National Committee gathered together in Beijing this evening at a ceremonious gala party. Leading Comrades Xi Zhongxun, Chen Pixian, Peng Chong, Ngapoi Ngawang Jigme, Bainqen Erdini Qoigyi Gyaincain, Seypidin Aizezi, Liao Hansheng, Yang Jingren, Liu Lantao, Pagbalha Geleg Namgya, and Burhan participated to the celebrations with the minority representatives and members. Some representatives and members ascended the 10th floor of the Nationalities Palace to have a panoramic night view of Beijing. Some watched the wonderful dance and singing performances while others took to the dance floor and participated in various recreational activities.

Chen Pixian, vice chairman of the NPC Standing Committee, happily told Ismail Amat, chairman of the State Nationalities Affairs Commission, that the gala party has provided a very good opportunity for the representatives and members of the minority nationalities to get together and talk, thus promoting friendship between them. Many representatives and members demonstrated calligraphy and wrote inscriptions at the party. One of the inscriptions ran: The outstanding workers gathered at the Nationalities Palace to discuss the Seventh 5-Year Plan for the revitalization of China.

The gala party was jointly held by the United Front Work Department of the CPC Central Committee, the NPC Nationalities Committee, and the State Nationalities Affairs Commission.

WAN LI, HAO JIANXIU INSPECT QINGDAO, SHANDONG

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[By reporter Cheng Deyuan]

[Text] Qingdao, 4 Apr (XINHUA) -- It is necessary to fully understand the great importance of studying, developing, utilizing, and protecting marine resources for the modernization drive so that they can benefit future generations, said Wan Li, vice premier of the State Council, in Qingdao on the morning of 3 April. Comrades Wan Li and Hao Jianxiu inspected Qingdao from 1 to 4 April. During the inspection, Comrade Wan Li especially invited some 70 oceanography experts from research institutes and schools of higher learning in Qingdao to attend a forum on study of marine sciences and development of marine resources.

Wan Li said: Ours is a country of 1 billion people. Along with the development of the economy, it will become increasingly inadequate to search for means of production and subsistence from land. Therefore, it is necessary to take the advantage of our country's long coastline and vast waters in optimally developing and utilizing the abundant biological, chemical, mineral, and power resources in the ocean. For a long time, we have failed to pay due attention to this question and to fully develop and utilize marine resources. It is necessary to thoroughly understand the strategic significance of studying, exploring, and utilizing marine resources for our economic development, as well as to strengthen the leadership over marine science research and intensify the training of specialized personnel. All coastal provinces, municipalities, and autonomous regions should regard the study, development, utilization, and protection of marine resources as a strategic task.

Wan Li added: It is necessary to further step up exchange and cooperation among the many oceanography research institutes in Shandong, taking concerted efforts to map out long-and short-term research and development plans. Shandong should become a pioneer in this field.

Discussing the direction of marine resources development together with the experts, Wan Li pointed out: It is necessary to first vigorously develop sea-water aquiculture, the breeding of fish, shrimp, shellfish, crabs, kelp, and sea slugs, which are needed for the people's everyday life. At the same time, it is necessary to promote fishing, including ocean fishery.

Turning to the question on promoting the undertaking of marine sciences, Wan Li said: It is necessary to pay close attention to monitoring and protecting the ocean environment, speed up the efforts to control ocean pollution by land, and prevent damage to the marine ecology.

Accompanying Wan Li and Hao Jianxiu on the inspection tour in Qingdao were Li Chang, deputy secretary of the Shandong Provincial CPC Committee and vice governor; and Liu Pen, Standing Committee member of the provincial party committee, vice governor, and secretary of the Qingdao City CPC Committee. During the inspection, Wan Li heard a briefing on research projects of the Shandong Oceanography College, visited its laboratories, and saw results in scientific research. He also attended a study and discussion session together with provincial and city leading comrades concerning a large engineering project to divert the water from the Huang He to Qingdao, which will be started soon. Wan Li endorsed the blueprints for this project and set specific demands for the construction quality and pace.

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